



# SPEECHES

OF THE

HON. W. S. FIELDING, M.P.

MINISTER OF FINANCE

SIR RICHARD CARTWRIGHT, M.P.

MINISTER OF TRADE AND COMMERCE

AND

HON. WILLIAM PATERSON, M.P.

MINISTER OF CUSTOMS.

House of Commons, Ottawa, April 5th, 12th and 13th, 1898.

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# House of Commons Debates.

THIRD SESSION—EIGHT PARLIAMENT.

## SPEECH

OF

### HON. W. S. FIELDING, M. P. ON THE BUDGET.

OTTAWA, 5TH APRIL, 1898.

#### SUPPLY—THE BUDGET.

The MINISTER OF FINANCE (Mr. Fielding) moved that the House resolve itself into Committee to consider of the Ways and Means for raising the Supply to be granted to Her Majesty.

He said: I rise to move, Mr. Speaker, in accordance with notice, the motion which you have put from the Chair, and before concluding my remarks I shall place upon the Table of the House a series of resolutions to which it is my desire to invite the attention of the House.

A little less than one year ago, under circumstances which perhaps marked the occasion as one of some importance in the history of Canada, I had the honour to deliver in this House my first Budget speech.

In rising to-day to perform a similar duty, I am sure that I have ample grounds on which to congratulate the House on the condition of the country, and on the results of the policy of the Government which it was my privilege to announce to the House in April last. Canada has had an eventful year, a year marked by great political advancement, material progress and steadily increasing prosperity.

Following the usual practice in Budget speeches, I shall first ask the attention of the House to a brief review of the operations of the financial year 1896-97, which ended on the 30th of June last, the accounts of which have been in the possession of the House for some time past. The revenue for that year yielded \$37,829,778, as against \$36,618,590 for the year 1895-96, or an increase of \$1,211,187. The total expenditure on Consol-

dated Fund reached \$38,349,759, as against an expenditure of \$36,949,142 in 1895-96, or an increase of \$1,400,617. The outcome of 1896-97 left us with a deficit of \$519,981, as against a deficit on the previous year of \$330,551. That, in brief, is the result of the year's operations on account of Consolidated Fund.

Following the usual custom, I give the details of the revenue, as compared with the previous year :

	1896-97.	1895-96.	Increase.	De- crease.
	\$	\$	\$	\$
Customs..	19,478,247	19,833,279		355,032
Excise....	9,179,378	7,926,005	1,244,372	
Miscella- neous..	9,181,162	8,859,305	321,846	
	37,829,778	36,618,590	1,566,219	355,032
			1,211,187	

It will be noticed that there was a slight decrease in the customs revenue, which can be attributed to the restrictive effect on the imports of the anticipated changes of the fiscal system inaugurated 28th April of last year, and to the reduction in the duties between that date and 30th June. The large increase of excise is, of course, accounted for as an anticipation of the current year's receipts, in view of expected changes in the duties of excise. In the items comprising miscellaneous, the chief increase is in the



receipts from post office. Taking up the report of my colleague, the hon. the Minister of Customs, I find that, on the following articles, important increases in duty have been received :

Animals, living .....	\$ 17,122
Carriages .....	59,072
Fancy goods .....	9,902
Glass and manufactures of .....	10,760
Leather do .....	17,108
Oils, coal, kerosene and products of .....	24,880
Sugar of all kinds .....	584,896
Spirits and wines .....	221,734
Tobacco and manufactures of .....	88,755
Watches .....	17,574

On the other hand, in the following articles important decreases have taken place in the duties collected, as compared with the previous year :

Books, periodicals and other printed matter .....	\$ 15,371
Grain of all kinds .....	101,121

Flour and meal of all kinds .....	86,229
Cotton, manufactures of .....	154,418
Flax, hemp and jute, manufactures of .....	52,187
Fruit and nuts, dried .....	68,887
Fruit and nuts, green .....	22,192
Furs and manufactures of .....	28,118
Gloves and mitts .....	40,948
Gutta percha and india-rubber, manufactures of .....	11,495
Gold and silver, manufactures of .....	13,660
Hats, caps and bonnets .....	16,188
Iron and steel, and manufactures of .....	68,574
Musical instruments .....	12,010
Oils, all other than coal, kerosene, n.e.s. ....	80,298
Oil cloth .....	9,887
Pickles, sauces and capers of all kinds .....	8,192
Silk, manufactures of .....	166,656
Stone and manufactures of .....	8,917

The details of the increase in excise are as follows:

Articles.	Quantity, 1896.	Quantity, 1897.	Duty, 1896.	Duty, 1897.	Increase.
			\$	\$	\$
Spirits.....Galls.	2,344,767	2,782,514	3,973,300	4,732,508	759,206
Malt.....Lbs.	51,690,278	68,443,353	775,354	1,026,652	251,298
Cigars.....No.	108,290,260	113,276,105	648,462	678,029	29,567
Cigarettes.....No.	80,461,900	93,798,000	120,692	156,257	35,565
Tobacco and Snuff.....Lbs.	9,392,487	10,690,765	2,228,697	2,398,443	169,746
			7,746,505	8,991,887	1,245,382

The per capita consumption of the following articles usually finds a place in the Budget, and I give it, as follows :—

	Spirits, Beer,		Wine, Tobacco,	
	Galls.	Galls.	Galls.	Lbs.
1894 .....	742	3,722	089	2,264
1895 .....	666	3,471	090	2,163
1896 .....	623	3,523	070	2,120
1897 .....	723	3,469	084	2,243

It will be noticed that there is an apparent increase in the consumption of spirits in 1897, but that, I think, is to be accounted for by the fact that in anticipation of the changes in the excise duties last session, very considerable quantities were entered for duty, which will probably affect the consumption for the next year, so that the figures which show an increase, rather show an increase in mercantile operations than in actual consumption. The average per capita consumption was as follows :—

Spirits.....Gall.	1,026
Beer.....do	2,920
Wine.....do	130
Tobacco.....Lbs.	2,173

We come now to the expenditure of the year.

MR. FOSTER. Before going to the expenditure of the year, can my hon. friend tell me what amount of the increase is due to the Jubilee stamps of 1896-97?

THE MINISTER OF FINANCE. I have not included that in my statement, but I shall be glad to give it later on. The post office revenues in the public accounts show it in general terms. I shall furnish it later on if the hon. gentleman desires.

The expenditure on consolidated revenue reached \$88,349,759, being an increase of \$1,400,617 over that of the previous year. Taking up the details of the outlay, I find that in the following services there is an increased expenditure :

Interest on public debt .....	\$148,233
Charges of management .....	29,905
Sinking funds .....	48,526
Premium, discount and exchange..	36,888
Civil government .....	22,218
Administration of justice .....	16,491
Dominion Police .....	1,085
Legislation .....	230,094
Penitentiaries .....	24,870

36,229	Arts, agriculture and statistics....	13,512
154,418	Immigration .....	7,289
	Quarantine .....	24,914
52,187	Pensions .....	4,801
68,387	Militia .....	580,874
22,192	Public Works, Consolidated Fund..	168,949
28,118	Railways and canals .....	7,961
40,948	Mail subsidies and steamship sub- ventions .....	18,895
11,495	Ocean and river service .....	1,805
13,660	Marine hospitals .....	1,447
16,138	Fisheries .....	16,336
	Geological Survey .....	14,381
63,574	Subsidies to provinces .....	2,394
12,010	Indians .....	27,655
	Miscellaneous .....	9,392
30,293	Customs .....	48,912
9,887	Post office .....	124,467
	Trade and commerce .....	5,141

On the other hand, there have been decreases on the following :—

	Superannuation ....	\$ 8,439
	Mounted Police ....	8,852
	Lighthouse and coast service .....	20,314
	Scientific institutions .....	1,705
	Government of the North-west Ter- ritories .....	10,167
	Excise .....	6,448
	Weights and measures and gas ....	6,150
	Railways and Canals, collection....	100,535
	Dominion lands .....	8,492
	Public Works, collection .....	11,892

The main increases will be found to be in the interest on public debt, legislation, militia, public works, and post office, and the causes operating in these cases were explained in my remarks of the 22nd of April last year, and are sufficiently well known. I need not refer to them further than to say that they are the direct result of the apparent economy accomplished by my predecessor in 1895-96, an economy, which I am justified in saying was only apparent, because I think hon. gentlemen themselves will admit that it was not possible to continue the expenditure on the figures of that year. Indeed, hon. gentlemen on the other side, by the remarks they have made on these subjects, have frequently admitted as much.

In concluding my observations upon the business of the fiscal year of 1896-97, ending the 30th of June last, let me express the hope that my hon. friends opposite will allow me to congratulate them on the very happy failure of some of the very gloomy predictions which they made respecting that year. It may be remembered that in the closing hours of the first session of this Parliament, my hon. friend the leader of the Opposition (Sir Charles Tupper) and my hon. friend the ex-Minister of Finance (Mr. Foster) made very strong attacks upon the financial position of the Government, and predicted that very direful things would

happen in the first year of Liberal administration. I do not propose to detain the House with lengthy quotations from their remarks, but I may summarize their predictions very briefly. My hon. friends stated that we were entering upon a year of reckless expenditure which could only end in financial disaster. They declared that within that current year of 1896-97, I would be obliged to borrow at least \$10,000,000, and that I would have to go on the money market under conditions that would greatly damage our public credit. They will, I hope, be gratified to learn that during that current year we did not have to go on the general money market at all; that our total temporary borrowing, in the usual way of treasury bills, did not amount to ten million dollars or even half of ten million dollars; and that the only borrowing in which we indulged, over and above the renewal of a loan contracted by my predecessor, was less than three million dollars, and that when at a subsequent and proper time we did proceed to place a loan on the London market, instead of going with a damaged credit, as my hon. friends predicted, we went under favourable conditions and met with gratifying success.

They also stated that we would not be able to come out of the year's operations with a deficit of less than \$3,250,000. As late as the month of April last, my hon. friend the ex-Minister of Finance modified his calculation, but even then he predicted that we could not come out of the year with a deficit of less than \$2,000,000. He will, I am sure, be glad to learn that we came out of the year with a deficit, not of \$3,250,000, not of \$2,000,000, but of the modest sum of \$519,000. My hon. friend said that in the first year of Liberal administration we would have an expenditure of at least forty million dollars. He will be glad to learn, I hope, that the expenditure of that year amounted to only \$38,349,759.

My hon. friend said that he could appeal with confidence to the great arbiter, time, to decide these things. Well, the great arbiter has given judgment, and has given judgment against my hon. friend and in favour of the Administration. I suppose it would be too much to expect of my hon. friends opposite that they will take the cheerful view which we, on this side, are disposed to take of the prospects of the country under a Liberal Administration. I suppose it is even possible that their sense of duty may oblige them to continue to draw the same alarming picture of the future under Liberal rule. We, on this side, will have to comfort ourselves with the thought, when we have these alarming predictions, that time, the great arbiter, will continue to decide against my hon. friends and in favour of the present Administration.

I have given some figures respecting the consumption on spirits and intoxicating liquors, but it has occurred to me that, in view of the agitation on the subject of prohibition, which is likely to be continued and to take a more emphatic shape at an early day, there will be frequent references, no doubt, to the amount of duty and the revenues of the various departments of the Government arising from the liquor traffic. I think that, therefore, it might be convenient to include in the Budget a statement showing exactly what are the revenues derived from that source. The statement is for the year 1896-97.

	Quantity.	Duty.
Customs—		
Alc, beer, &c....Galls.	327,216	\$ 65,245.30
Excise—		
Malt.....Lbs.	68,443,353	1,026,652.13
Customs—		
Spirits and wines..G'ls.	1,396,136	2,406,529.81
Excise—		
Spirits.....Galls.	2,782,514	4,732,506.19
Or,		
Customs.....		\$2,471,775.11
Excise.....		5,759,158.32

Summing it up, we find that the revenues received from these sources are: Customs, \$2,471,775.11; excise, \$5,759,158.32, making a total revenue from that source of \$8,230,933.43.

So far, Sir, I have dealt with the financial year ending June last. Now, let us turn our attention to the current year, of which nine months have elapsed. With this elapsed period as a basis of calculation, I shall endeavour to estimate what our position will probably be on the 30th June next. Up to 31st March last, according to the latest statements we have obtained, our customs revenue amounts to \$16,111,029.82.

Making due allowance for the increase we have lately been experiencing in the receipts from this source, and keeping in mind that after 1st July the preferential feature of our tariff obtains its full development and consequently there will be a slight check in the imports in May and June, I think I am within the mark when I estimate the customs revenue at \$21,000,000, as against last year's yield of \$19,475,247. From excise, I do not expect to receive more than \$8,000,000, as compared with \$9,179,378 received last year, on account of various disturbing causes. As between the two years, there is no doubt our revenue this year from that source will be less. From miscellaneous sources I anticipate our revenue will be \$10,300,000; or \$33,300,000 in all.

So much for the revenue. On the other hand, the actual expenditure up to the 31st March on account of consolidated fund

amounted to \$22,987,258, which is just on about a level with last year, if we take into account the fact that there is a quarter's post office expenditure of last year which does not appear this year but will come in at a later stage of the accounts. We must add to the outlay against us the expenditures which will be imposed upon us in connection with the opening of the Yukon district and the maintenance of law and order in that territory. So, to be on the safe side, I put the total consolidated fund expenditure for the current fiscal year at \$38,750,000. If this estimate proves correct, and if we receive the estimated revenue of \$59,800,000, the business of this year, closing the 30th June next, will end with a surplus of \$550,000.

My aim and expectation in that respect are that we shall have in this current year a surplus which will wipe out the deficit of last year, and leave a balance, possibly even a larger balance than I would now care to state, on the right side. I feel confident that this is a safe and conservative estimate of the result of the year's operations. Some features of the year's business have been so abnormal, there has developed such busyness in trade, that I should not be surprised if the outcome of the year should be more favourable than I have indicated. The total consolidated fund expenditure for the current year I have just estimated at \$38,750,000, or some \$400,000 over last year's actual expenditure. The reasons for this are to be found in the additional interest on the public debt that has to be paid on account of the loan of last autumn, the necessary outlay in connection with the opening up of the Yukon district, an increased outlay resulting from a vigorous policy to be pursued in the Department of Agriculture, and also in the branch of the Department of the Interior which has special reference to immigration. The extension of the Intercolonial Railway to Montreal will also go to swell our gross expenditure, although I am assured by my hon. friend the Minister of Railways that the increased outlay will be offset by increased receipts that will accrue from the working of the extension. Although our borrowings in London, last October, as I shall show, were less than half the amount authorized, and it might be supposed therefore that we should have occasion again to resort to temporary loans at an early day, I am glad to be able to say that, owing to the buoyancy of trade and of revenue, our financial position has become so strong that I do not anticipate that it will be necessary, during the current year, to issue a single Treasury bill or borrow any money in any shape or form.

I desire now to refer to the debt statement for 1896-97. On the 30th June, 1896, our net debt stood at \$258,497,482.77. As a result of the year's operations, it has been in-



creased by \$3,041,168.69, the details of which are as follows:—

Expenditure on Capital Account and on Canadian Pacific Railway .....	\$3,519,875 59
Deficit of the year .....	519,981 44
Railway subsidies .....	416,955 80
Rebellion in the N.W.T. ....	3,284 64
Consolidated Fund transfers, including liabilities incurred prior to 30th June, 1896, Post Office Department.....	682,880 52
<b>Total .....</b>	<b>5,142,977 43</b>
Less—Sinking Fund Investments .....	2,101,818 80
<b>Net increase .....</b>	<b>3,041,168 69</b>

Making the net debt on 30th June, 1897 .....\$261,538,596 46

For the current fiscal year, I find we have expended up to the 31st March on capital account, for railway subsidies and for discounts and charges in connection with the late loan, in all \$4,506,185. To complete the year's requirements on capital account and railway subsidies it is estimated that we shall need \$3,000,000, making a total of \$7,506,185. In order to ascertain the net increase of our debt, we must deduct the sinking fund investments which are estimated to amount to \$2,300,000 and estimated surplus of \$507,000, leaving an increase in the net debt of \$4,500,000 in round numbers for the year 1897-98.

Mr. CLANCY. Where are the cheers?

Mr. MACLEAN. We are sitting on them.

The MINISTER OF FINANCE. We propose that hon. gentlemen opposite shall continue to sit on those chairs for a long time yet. With regard to the fiscal year beginning on the 1st July next and ending on the 30th June, 1899, it is, of course, too early at this day to estimate in more than general terms. However, I do not think that, so far as the customs revenue is concerned, we should fall behind this year's income, which I have estimated at \$21,000,000. We have to remember, of course, that on the 1st July this year the second stage of our preferential tariff will be reached, and the reduction of 12½ per cent already accrued will be followed by a further reduction of 12½ per cent, making a total of 25 per cent. The first reduction of 12½ per cent was, perhaps, not large enough to make any great change in the stream of British imports. Besides it takes time for the British merchants to understand the operation of these tariff changes, and just about the moment when he became aware of this reduction, and was prepared to deal with it, the difficulty arose with respect to the Belgium and German

treaties, which resulted in the so-called preference being for a time extended to a large number of countries, and therefore Great Britain was not in a position to enjoy the 12½ per cent reduction as fully as we had expected and desired.

Mr. FOSTER. The difficulty arose before that, did it not?

The MINISTER OF FINANCE. No, only in the minds of my hon. friends opposite. There are no difficulties in this question on this side of the House; there were difficulties which my hon. friends opposite for years sought to remove without success, and which have been removed by this Government. I expect, therefore, that when the full reduction of 25 per cent. takes place, when the preference is confined, as it will be, to imports from the mother country and from certain British colonies to which I shall refer, I expect there will be a considerable increase in imports from Great Britain, and on these imports we shall receive a smaller amount of revenue than we have hitherto received. With a view to maintaining our position as a sound one financially, to upholding our credit and guarding against deficits, it will be the part of wisdom to anticipate loss of revenue in that respect by making some increase to the revenue in other quarters and of that I will speak later on. Excise should provide at least eight and one-half million, and from miscellaneous sources, making due allowances for increase in railway receipts, from post office and interest on investments, we should receive eleven million dollars. These I estimate will give us a total revenue of \$40,500,000. I am speaking now of the year beginning on the 1st of July next, concerning which, of course, our estimates will have to be of a very general character, with very little opportunities of coming to close quarters, not such opportunities as we have with regard to the current year. We have laid on the Table of the House the Estimates for 1898-99, to the extent of \$39,124,000. These Estimates include two new items, one of \$396,000 for the expense of the Yukon district, and another of \$760,000 for the running expenses of the Intercolonial Railway extension to Montreal. Under our method of keeping accounts, the increased cost of operating the Intercolonial Railway has to be added to our general expenditure, even though it might be a source of profit to us represented by an increase on the other side of the account. These two new items for the Yukon and for the Intercolonial Railway, items which were not necessary in our past Estimates, but that we all recognize are necessary now, amount to \$1,156,000. If we take this from the total amount of the Estimates, it will be found that the remainder, \$38,168,000, is about the same as asked for in the main Estimates for the current year.



In April last, in the course of my remarks on the financial outlook, I expressed my belief that when the details of the tariff were once settled and announced, trade would not only continue to flow in its usual channels, but that we might expect a large increase. When those words were uttered, the circumstances that I then enumerated pointed unmistakably in this direction. The good harvest, however, and increased prices have since that time lent their force to the tide of events, and the period of resurging prosperity that Canada is and has been for some time past enjoying must be indeed gratifying to every hon. member of this House, and to every citizen of Canada, and must confirm the conviction that we all have as to the great

possibilities of the future development of our country.

I am sure, Mr. Speaker, you will bear with me when I turn aside for a moment to enumerate a few of the directions in which this development and prosperity have made themselves felt. I propose to speak first as an illustration of the increased prosperity of the country, of the increased business of the country—I propose to speak of the deposits in the banks. In the bank circulation the effect has been most pronounced. I need not weary the House by giving the details of the bank statements, but I may present a table showing the deposits in the chartered banks for the past six years, together with the totals:

	Chartered Banks.	Govt. Savings Banks.	Total.
30th June, 1892.....	\$ 160,942,778	\$ 39,529,517	\$ 200,472,325
30th June, 1893.....	170,817,433	41, 49,658	212,667,091
30th June, 1894.....	174,930,936	43,036,012	217,966,948
30th June, 1895.....	180,664,121	44,450,498	225,114,619
30th June, 1896.....	183,769,992	46,799,318	230,569,310
30th June, 1897.....	201,141,688	48,934,975	250,076,663
31st December, 1897.....	222,002,147	49,466,656	271,468,803

That is to say, that in the six months from June last to December the deposits have increased by over \$21,000,000.

To carry on the increased business of the country there has been a very heavy demand

for Dominion notes and bank notes, which the elasticity of our banking system has been fully able to meet. I append the figures relating to note circulation for six years past:

	Government.	Banks.	Total.
31st October, 1892.....	\$ 38,688,429	\$ 18,647,063	\$ 57,335,492
31st October, 1893.....	36,906,941	19,844,248	56,751,189
31st October, 1894.....	34,516,851	22,212,884	56,729,535
31st October, 1895.....	34,671,028	22,893,255	57,564,287
31st October, 1896.....	35,955,150	21,607,553	57,562,703
31st October, 1897.....	41,580,928	24,751,932	66,332,860

Mr. FOSTER. May I ask my hon. friend if he took the same date in each case for the Government bank figures?

The MINISTER OF FINANCE. Yes, the figures in both cases are for the 31st of October, 1892, and continuing at the same date each year.

The October circulation, which is, as a

rule, the highest of the year, on account of the moving of the crops, ran about 56 or 57 millions of dollars for the year 1896 and the four preceding years. The business of October, 1897, required over 66 millions, or an increase of close to nine millions over 1896.

The volume of the general business of the country was such as to very markedly in-

crease the aggregate bank clearings of the five principal cities—Montreal, Toronto, Halifax, Winnipeg and Hamilton. The total clearings for the three years, 1895, 1896, and 1897, according to the "Monetary Times," were:

1895 .....	\$1,039,967,000
1896 .....	1,025,960,000
1897 .....	1,151,906,000

or an increase of \$126,000,000 in the clearings of 1897 over 1796. For the four weekly periods—ending Thursday—in January, 1898, the total clearings were \$108,509,673, against \$99,901,000 for the similar periods of January, 1897, or an increase of over \$18,000,000. For February last, the total clearings for the five cities mentioned were \$108,395,302, as compared with \$74,612,552 for February, 1897, an increase of \$33,772,750.

The railways, too, have experienced the benefits of this upward movement in trade, and the published traffic returns are an index of the extent of the betterment so far as they are concerned. From 1st July to the end of February last, the weekly statements of the two great railways of Canada show continual and steady increases over the corresponding weeks of last year. The gross receipts of the Canadian Pacific Railway for the year ending 31st December, 1897, were \$24,049,534, against \$20,681,596 for the previous year. The gross receipts of the Grand Trunk Railway, according to their weekly returns, for the same period were \$19,521,588, against \$18,731,885 for the previous year. The increase in the earnings of the roads is mainly attributable to their freight and live stock business. The share and bondholders have, of course, profited by the improvement in the earning capacities of the roads, and the market values of their securities have advanced by bounds. Take the Canadian Pacific Railway ordinary \$100 shares. The closing price of December, 1896, was 58¼; the lowest price of 1897 was 46¾, and the latest December price was 83¾. The closing price on 29th of January last, according to the "Economist," was 91¾.

In Grand Trunk securities the advance was equally marked. Taking their 4 per cent guaranteed and their first preference stocks, I find the lowest price of 1897 was 89¾ and 30¾ respectively, while on the 29th January they were quoted at 76¾, 77¾ and 67¾ to 68¾ respectively.

Taking the Canadian Pacific Railway stocks quoted in the "Economist," and the principal Grand Trunk issues, I find that securities of these two railways to the nominal value of \$88,187,497 were worth on the market: On 31st December, 1895, \$48,814,887; on 31st December, 1896, \$50,480,813; on 31st December, 1897, \$82,817,010.

I will now take a few figures from the Trade Returns for 1796-97.

The total value of the imports into Canada for the year amounted to \$119,218,609, which is nearly a million and a quarter of dollars in excess of the previous year, and over eight millions in excess of the fiscal year 1894-95.

Canada's export trade during the year was, by far, the largest and greatest in its history. The total value of the exports for the year amounted to the sum of \$137,950,253, which is over 16 millions of dollars in excess of the previous year, and 24 millions in excess of the fiscal year 1894-95.

The total value of the imports for home consumption, exclusive of coin and bullion, for the eight months of the current year, up to the end of February, amounted to \$80,821,831, which is \$12,081,330 in excess of the corresponding period of the last fiscal year.

Including coin and bullion, the imports for home consumption for the eight months amounted to \$83,785,787, which is \$506,815 in excess of the corresponding period of the last fiscal year.

The total exports for the eight months amounted to \$119,844,464, which is \$26,451,521 in excess of the export trade for the corresponding period of last year, and which is also in excess of the export trade for any whole year in the history of Canada, prior to 1896.

While we have thus placed before us the many evidences of the growing prosperity of Canada, let us not be unmindful of the chief causes of this happy condition of affairs. The general business of Canada has been prosperous because prosperity has come to the great agricultural class. There have been some mistaken notions in the past as to relations between manufacturers and agriculture. The idea existed in some quarters that we could build up a prosperous farming community by stimulating manufactures. The home market was everything. Canada for the Canadians was the cry. There are some things in which it is well to have Canada for the Canadians, but we would do well to put a wise limitation on the meaning of the expression, and seek for prosperity through the markets of the world. I think the country has awakened to the fact that, in the effort to make prosperity for the farmers through the stimulating of manufactures, the cart was being placed before the horse. If we can fill up the farm lands of Canada with industries, prosperous and happy settlers, producing, not for the home market only, but for the markets of the world, we shall have the truest possible foundation for a successful manufacturing industry and for general prosperity. Let us then, while we rejoice in these figures which I have the privilege of presenting to the House, and while we re-

joice in this prosperity, let us remember that that prosperity is due chiefly to the success of the farmer, and let us see that by every reasonable and proper effort we shall endeavour to encourage the development of agriculture throughout the Dominion of Canada.

I desire now to draw the attention of the House—though it may be necessary only as a matter of form—to the new loan which I had the pleasure of raising on the London market last autumn. \* You will recollect that a Loan Act was passed last session for \$15,000,000. There were outstanding borrowing powers at that time to the amount of upwards of \$8,000,000, and that together with our powers under the Act of last session, gave us borrowing powers to the amount of upwards of \$23,000,000. The objects of these large borrowing powers are well known. We had entered upon large expenditures in respect to canals; we had incurred considerable obligations in respect of railways, and it was necessary to make provision for these as the obligations might arise. I may say that at the time the Loan Bill was before the House last session, the impression upon the minds of some hon. gentlemen was that the \$15,000,000 was rather less than we should require. However that may be, taking the \$15,000,000 which Parliament authorised us to borrow, together with the \$8,000,000 outstanding borrowing powers, we were entitled to borrow \$23,000,000. We did not, however, think it wise to exercise that power to the full extent. We came to the conclusion that it would be a wise policy to make our new loan for a moderate amount, and it was decided that we should make a loan for £2,000,000 sterling, or about \$10,000,000. There were several reasons for that. We did feel hopeful, in view of the growing prosperity of the country, that we should not need to borrow so large a sum as many hon. gentlemen thought would be necessary, and there was the further consideration, that after due deliberation we resolved to try a very serious experiment—if one can call anything like that an experiment—we resolved to take the somewhat serious step of making a break in the rate of interest in the London market, Canada up to that time had no securities below 3 per cent, nor had any other colony. In view of the favourable condition of the money market; in view of the high position of Canadian credit; in view of the general tendency towards a reduction in the rate of interest, we thought the time had come when we could make the experiment—some called it a bold experiment—of going on the London market and asking the investors to buy our bonds at a 2½ per cent. basis. And, Sir, having thought that matter out, we came to the conclusion that it would be a wise policy to make our first loan at that rate for a very moderate am-

ount. We so decided for this reason: that in going upon the market with a new loan at a new rate, one always has to meet a certain degree of prejudice; one will never get in a first operation of that character so good a price as may be expected later. We thought, therefore, that if we could get along comfortably with £2,000,000 sterling, it would be wise to confine our loan to that amount in order that we might establish the market for our securities on a 2½ per cent basis, with the expectation that they would increase in value and that at no distant date, when it would be necessary for us to go on the market for the balance, we should have our credit fairly established on the 2½ per cent. basis. Believing the moment favourable in the month of October, we arranged to place our loan upon the market. The conditions of the market up to that time had been reasonably favourable, but the money market did take a slightly unfavourable turn at the eleventh hour of our transaction. After our prospectus had been issued the money market hardened somewhat, and on the very evening before our tenders were to be received, the Bank of England rate—which is the standard which governs all money transactions in London—was advanced a half per cent. Taking such a serious step as we were at that time, one might well have some anxiety as to the result in view of that unfavourable turn. However, I am glad to be able to state that so strong was the position of Canada in the money market, that when this proposal was made, even under that momentary adverse circumstance, the response of the public was very satisfactory and our loan was more than doubly subscribed. We placed the bonds on the market at the price of 91 and they were taken at 91 pounds 10 shillings and 5 pence.

Considering, Sir, that it was the first operation of the kind that any colony had ever attempted, I feel that we all have great reason—and I am sure my hon. friends opposite will join in my words heartily when I say it—we have all great reason to congratulate ourselves, irrespective of party, upon the very high position that Canadian credit has taken in England. I have here a statement showing the rates of interest that have been paid for the various Canadian loans since confederation, and as it may be found useful for future reference I shall read it.

In 1869 Canada issued a loan which was partly a guaranteed loan, one portion bearing 4 per cent and one 5 per cent, at a price which made the cost to Canada 4.15 per cent.

In 1873, another loan was issued which was also a guaranteed loan, and the cost to Canada was 3.8-10ths per cent.

Of course I need hardly say that where a loan had the guarantee of the Imperial Government the rate was more favourable.

mon: that in new loan at meet a cer- never get character so later. We could get 00 sterling, loan to that establish the 4 per cent they would no distant y for us to we should on the 2½ percent fav- or, we ar- the market. to that time e, but the y unfavour- of our trans- ad been is somewhat, our tenden- of England ich govern- on—was ad- such a seri- e, one might e result in However, I at so strong the money it was made, verse circum- t was very more than e bonds on and they were and 5 pence. e first oper- ny had ever re great rea- nds opposite when I say congratulate ty, upon the n credit has a statement at have been loans since found use- ad it.

which was portion bear- cent, at a Canada 4-1-6

issued which and the cost t.

at where a re Imperial) favourable.

In 1874, a Canadian loan cost Canada 4½ per cent.

In 1875, a loan which was partly guaran- teed cost 4-1-8 per cent.

In 1876, a 4 per cent Canadian loan cost 4½ per cent.

In 1878, a guaranteed loan cost 4-1-3 per cent.

In 1879, a Canadian 4 per cent loan cost 4½ per cent.

In 1884, a 8½ per cent loan cost 4½ per cent.

In 1885, the cost of a 4 per cent loan was 4-1-12th in one case, and in another class of bonds 4-1-10th.

In 1888, the cost of a 3 per cent loan was 3½ per cent.

In 1892, the cost of a 3 per cent loan was 3-2-5 per cent.

In 1894, the cost of a 3 per cent loan was 3-1-6 per cent.

In 1897, our 2½ per cent loan was sold in London at a price which represents about 2½ per cent.

On the opposite column follows a comparative table.

I have a more elaborate memorandum showing the comparisons between the various Canadian loans for some years, and this comparison has usually found a place in the Budget speech. If the House will permit me I shall, without reading it, have it incorporated in the statement so that it may be convenient for future reference.

# MEMO. re CANADIAN LOANS.

Year.	Amount of Loan.	Rate of Interest.	Price realized per £100.	Actual rate of interest paid.
	£		£ s. d.	
1869...	*1,500,000	4 }	105 12 11	4½
	500,000	5 }		
1873...	*1,500,000	4 }	104 7 8	3½
	*300,000	4 }		
1874...	4,000,000	4 }	90 3 3	4½
1875...	*1,500,000	4 }	99 1 8	4½
	1,000,000	4 }		
1876...	2,500,000	4 }	91.....	4½
1878...	*1,500,000	4 }	96 11 9	4½
	1,500,000	4 }		
1879...	3,000,000	4 }	95 1 10	4½
1884...	5,000,000	3½	91 2 2	4½
1885...	4,000,000	4 }	101 1 8	4½
1885...	{ Canada reduced	4 }	.....	4½
	6,443,136			
1888...	4,000,000	3 }	95 1 0	3½
1892...	2,250,000	3 }	92 0 10	3½
1894...	2,250,000	3 }	97 9 2	3½
1897...	2,000,000	2½	91 10 5	2½

\*Guaranteed.



# MEMORANDUM respecting Canadian Loans placed on the London Market since 1867.

Loan.	Price in prospectus.		Price realized.		Duration of Loan, years.	Rate per cent.	Total issue.		Discount or Premium.		Amount realized.		Charges, including Dis- count for immediate payments and Inter- est on part payments.		Net Amount of Cash realized.		Rate of interest.
	£	s. d.	£	s. d.			£	s. d.	£	s. d.	£	s. d.	£	s. d.			
Intercolonial Railway, 1869, guaranteed.	105	12 11 1/4	105	12 11 1/4	35	4 5/8	1,500,000	...	P.	112,946	2,112,946	29,896	18 6	2,083,049	1 7	-04125	
do 1869, unguaranteed.	...	...	...	...	...	...	500,000	...	...	...	...	...	...	...	...	...	
do 1873, guaranteed.	104	7 8	104	7 8	30	4 3/4	1,500,000	...	P.	78,971	1,878,971	33,449	18 11	1,845,521	7 9	-03916	
Rupert's Land, guaranteed	...	...	...	...	...	...	300,000	...	...	...	...	...	...	...	...	...	
Loan of 1874	90	3 3	90	3 3	30	4 3/4	4,000,000	...	D.	393,476	3,606,523	60,289	9 9	3,546,233	12 9	-04875	
do 1875, guaranteed	...	...	...	...	...	...	1,500,000	...	...	...	...	...	...	...	...	...	
do 1875, unguaranteed	99	1 8	99	1 8	30	4 3/4	1,000,000	...	D.	22,930	2,477,069	42,847	6 1	2,434,221	14 10	-0416	
do 1876.	91	91	91	91	30	4 3/4	2,500,000	...	D.	225,000	2,275,000	57,122	9 7	2,217,877	10 5	-0475	
do 1878, guaranteed	96 1/2	96 11 9	96 1/2	96 11 9	35	4 3/4	1,500,000	...	D.	102,347	2,897,652	36,602	15 7	2,861,049	11 11	-043	
do 1878, unguaranteed	95	95 11 10 1/2	95	95 11 10 1/2	29	4 3/4	3,000,000	...	D.	147,206	2,852,793	94,988	8 3	2,804,805	5 5	-045	
do 1879.	91	91 2 2	91	91 2 2	25	3 1/2	5,000,000	...	D.	445,870	4,554,130	94,593	3 4	4,459,436	16 8	-042 3/4	
do 1884.	99	101 1 8	99	101 1 8	25	4 3/4	5,000,000	...	P.	43,416	4,043,416	87,098	2 1	3,961,317	17 11	-045	
do 1885.	...	...	...	...	...	...	4,000,000	...	D.	54,576	3,802,096	32,977	1 0	3,734,244	7 6	-0327	
Canada reduced	92 1/2	95 1	92 1/2	95 1	24 1/2	3 3/8	6,443,136	...	D.	54,576	3,802,096	32,977	1 0	3,734,244	7 6	-0327	
Loan of 1888	91	91 2	91	91 2	50	3 3/8	4,000,000	...	D.	197,904	3,802,096	67,598	4 3	3,734,244	7 6	-0327	
do 1892	91	92 10 1/2	91	92 10 1/2	46	3 3/8	2,250,000	...	D.	179,009	2,070,990	31,365	6 7	2,039,624	17 5	-0321	
do 1894	95	97 9 2	95	97 9 2	43 1/2	3 3/8	2,250,000	...	D.	57,145	2,192,854	24,807	3 8	2,168,047	13	-0316	
do 1897	91	91 10 5	91	91 10 5	50	2 1/2	2,000,000	...	D.	169,625	1,830,374	22,358	7 8	1,808,016	7 4	-28628	

\* Or 50 years calculated for 25 years only.

Mr. FOSTER. Has my hon. friend (Mr. Fielding) finished his remarks on the loan business?

The MINISTER OF FINANCE. For the present; there is one point further, but I shall be glad to have my hon. friend (Mr. Foster) ask me any question now.

Mr. FOSTER. Would my hon. friend (Mr. Fielding) lay the prospectus on the Table?

The MINISTER OF FINANCE. I shall be very glad to.

Mr. FOSTER. What was the length of the last loan?

The MINISTER OF FINANCE. Fifty years. There is one other element in connection with that loan to which I may make a passing reference. Not only was it desirable that we should have our loan placed on a 2½ per cent basis, if possible, for the sake of the transaction itself, but such a change to the 2½ per cent rate became of further importance in view of the early maturity of a large amount of our existing loans.

By reference to page liiv. of the Public Accounts, it will be found that between the years 1908 and 1910, we shall have loans maturing to the amount of £84,448,186, or \$187,628,262. To assist in meeting the payment of these liabilities, I estimate that we shall have accumulated sinking funds to the value of \$66,971,181. So that we shall have to renew or convert the balance of these maturing loans to the amount of over \$100,000,000. The net rate of interest on our last loan, taking into account all charges, was 2.86 per cent. At the rate of interest which these loans that are to mature now bear, it would take about \$4,000,000 to pay a year's interest on the \$100,000,000; but at the rate of 2.86 per cent the interest on the \$100,000,000 would amount to \$2,860,000, or a difference of \$1,140,000. That is to say, if the money market when these various loans mature should prove as favourable to Canada as it was when we placed our recent loan, there would be a saving of interest to the extent of over \$1,000,000 per year, as compared with the rate of interest which these loans now bear. We may reasonably hope to effect that saving, and something more; for we all anticipate, I am sure, that the credit of Canada, high as it is now, will continue to improve, and that before the date is reached at which these loans fall in, we shall be able to borrow, not simply at the rate of 2.86 per cent, as we did last year, but at a rate which will come much closer to 2½ per cent, which will be the face value of the securities. I think, then, in view of these large maturing loans, as well as from the nature of the recent transaction itself, hon. gentlemen on both sides of the House will have been pleased to learn that

we took the step of placing a 2½ per cent loan on the market; and I am glad to know that the transaction was not a subject of party dispute, but that its success was recognised by the press of the country irrespective of party.

I shall now address myself to a question which was brought very forcibly to my mind and to the minds of my colleagues of the Tariff Commission during our investigations a year ago. Among the many complaints which were made to us by manufacturers and business men as to the disadvantages under which they laboured, one prominent complaint was that the cost of capital was considerably in excess of what many of their rivals and competitors had to pay. A very large amount of the business of the country is carried on by credit, and the cost of money to the merchant and the manufacturer is a very serious consideration. It might be said that this is a matter with which the Government has little or nothing to do—that it is a matter which must be left to the general law of demand and supply. But a little examination will show that in some ways the Government have the power of influencing the money market, and that, in fact, the money market has been influenced to some extent by the policy of the Government. The banks of the country are borrowers as well as lenders. The banks receive from the public a large amount of capital which they use in the business of the country in the way of loans. This capital is in the form of deposits, and when the banks have to pay an unreasonably high rate of interest on deposits, that is a reason—at all events, it is an excuse—for their not giving lower rates of discount to the business men of the country. It has been said that the position of the banks in this respect has been a forced position. It has been said that they have been obliged in times past to pay more than a fair value for money, because the Government of the country has been doing so. I suppose it will be generally admitted that in the Government savings banks we have been for a long time paying a little more than the fair value of money; and some gentlemen may say that we ought to do so in the savings banks. But I do not think we ought to accept that position. I think the savings banks of the country were designed to afford a place of safe deposit to the people interested in that class of institution. By the way, I am inclined to think that the original design of the savings banks as a place in which the thrifty classes could put their small savings, has been long since lost sight of, and a very large proportion of the money in the savings bank does not represent that class of depositors at all. However that may be, we find that the Government in past years have been paying a little more than the value of money in the way of interest on

savings bank deposits; and we came to the conclusion, after careful consideration of the matter, that it was desirable, in the interest of the business of the country, in the interest of successful manufacturing, in the interest of every man who had to carry on his business to some extent with borrowed capital, that we should not have an artificial value of money in Canada, but that a man should be able to borrow according to the reasonable laws of demand and supply. We believed that it was a desirable thing to encourage to some extent the savings bank depositors, and we remembered that the number of those deposits was large and that the advantage to the depositors was a matter of some importance; but we came to the conclusion that the interest of the greatest number of the people demanded that we should not pay to the savings bank depositors a larger rate of interest than the reasonable value of money. Therefore, in July last we reduced the savings bank rate of interest from  $3\frac{1}{2}$  to 3 per cent. Although it was not a matter of public criticism, there were some who felt at the time that it was a policy which would probably lead to large withdrawals of money from the savings banks. Such, however, did not prove to be the fact. I believe, as a result of that reduction, that there was some reduction in the cost of capital throughout the country—not universally, but to some extent. The banks of the country have their different classes of customers, of varying credit. There is the inner circle, who can get their discounts at pretty good rates; there is the next circle, who do not get them at so good a rate; and there is the outer circle who are glad to get them on any terms at all. I think that the inner circle, the class of corporations and business men who are in a very sound financial condition, already appreciate the reduction that has come to them in the rate of interest. Since that time an incident has occurred which has led us to go a step further. We did not think it was wise to make so radical a reduction as from  $3\frac{1}{2}$  to  $2\frac{1}{2}$  per cent at once; but we did make the reduction to 3 per cent; and since we have been able to place on the money market our own securities bearing a  $2\frac{1}{2}$  per cent rate, we thought we should regard that as a standard value of money, and that we ought not to pay a rate in excess of that. We know that it costs about  $\frac{1}{4}$  of 1 per cent to manage the deposits, and if you add that to the  $2\frac{1}{2}$  per cent to be allowed upon them, you will be paying  $2\frac{3}{4}$  per cent, which is about the same as we are paying for our money in the English market.

An hon. MEMBER. Less.

The MINISTER OF FINANCE. My hon. friend is right—a fraction less. But, as I have already stated, we expect the securities of Canada to advance in value. I have pointed out that in making a new loan

at a reduced rate of interest, we suffer some disadvantage at the moment; but we all expect—barring temporary difficulties, wars and rumours of war, which we hope may soon pass away—that the securities of Canada will increase in value at a very early date; and we may fairly regard a fraction above  $2\frac{1}{2}$  per cent as the rate at which Canada can borrow all the money she requires. If therefore we pay the depositor  $2\frac{1}{2}$  per cent. for his money and pay  $\frac{1}{4}$  of 1 per cent for the management of the savings bank, we are practically paying him  $2\frac{3}{4}$  for the money, and at a very early day we shall no doubt be able to borrow money at that rate in England. We therefore propose that on the 1st of July next there shall be a further reduction of  $\frac{1}{2}$  per cent in the interest payable to depositors, making the rate  $2\frac{1}{2}$  per cent.

Mr. SPROULE. A grand stroke of business for the poor man.

The MINISTER OF FINANCE. My hon. friend, no doubt, thinks that there are many poor men who have their money in the post office savings bank, but there are many more poorer men who are paying the interest, and who have no money in the savings banks. And the question is, whether a limited number of poor men shall be paid a higher rate at the expense of a larger number of poorer men who have no money to put in the savings banks. I quite sympathize with the desire of my hon. friend to pay a good round rate of interest, but I think he will agree with me that a very large amount of the money in the savings banks to-day belongs to a class of people who do not need any sympathy from us, but are very well able to look after themselves. And as far as the other depositors are concerned, if we give them the security of the public credit, and pay them  $2\frac{1}{2}$  per cent, besides the other  $\frac{1}{4}$  per cent which the management costs us, I think we are dealing fairly and justly with them. But I do not put it before the House in that light only. The main ground I am arguing on is this, that it is not merely an advantage to the Treasury—though that is a point not to be lost sight of—but that the rate of interest we are now paying on savings bank deposits has a material effect on the cost of money to the business community at large in the Dominion; and if, by this step, we can bring about—not hastily, but gradually and surely—a reduction in the cost of capital to the merchant, the manufacturer, and to every man who has to go to a bank to borrow money, we believe we shall be doing something which is for the good of the whole country.

Mr. SPROULE. The discount charged by the banks since the last reduction has been just as high as ever; so that the reduction has not resulted as the hon. gentleman predicts it will.

**THE MINISTER OF FINANCE.** I am afraid the difficulty must be that my hon. friend and I belong to the outer class which cannot dictate to the banks, because I have reason to believe that that favoured inner circle is already receiving some advantage. But I do not put it on that ground alone. If that inner circle were receiving the advantage, and nobody else, then I would not argue that the step was a very advantageous one in the sense I mention. But we all know that the rates of interest do not change in a moment, and, if the borrower who now pays 6 per cent, can get a lower rate—my information is, and I believe it, that many are getting their discounts done at lower rates than twelve months ago—although for the present the advantage may be confined to that favoured inner circle, I believe it will gradually work out of it and my hon. friend and myself may some day get the benefit.

**MR. FOSTER.** Is there any hope of our getting into that inner circle?

**THE MINISTER OF FINANCE.** Not while we are in politics.

I want to say something now with regard to the tariff policy of last year. I find that there is a change of front on the part of some hon. gentlemen opposed to the Government on that question. When the tariff policy was announced last year, the Conservative speakers and organs—I remember particularly an article in a leading organ of public opinion in Toronto,—took the ground that we were making changes which were threatening the business interest of the country, that the business of the country could not stand the policy which this Government had enacted. The Conservative speakers and organs told us that we were going to destroy the great industries of the country. Well, Mr. Speaker, the cry has changed to-day. Looking over the year's operations under that tariff, and finding that the business of the country has gone on increasing and expanding every day, finding that that cry cannot any longer be used, these hon. gentlemen have turned around and say: You did not make any changes in the tariff at all; you have the old National Policy after all. Well, each of these claims is unjust. We made a change in the tariff—a change that was moderate and reasonable, a change that guarded against rash disturbances, but which, nevertheless, effected substantial reductions on the rates of duty, so that the tariff of the country is no longer the old National Policy. I wish to remind the House that in the old tariff, which hon. gentlemen opposite admire so much, there were specific duties which ran up as high as 40 and 50, and I do not think I go too far when I say, 60 per cent of the value of the article. All these high duties, at all events a great many of them, have been removed. Many of the articles which in former times paid a duty, under the old tariff, of 40 and 50 per cent, and as high as 60 per cent, will

be found scheduled in the present tariff at 85 per cent, subject to a further reduction, under the preferential clause; so that, as between the old and the present general tariff there is a considerable reduction of duties on a number of articles. And, when you take into account the reduction which has taken place, and which will be increased on the first of July next, by the operation of the second stage of the preferential tariff, you will find that this Government has given the country a very substantial measure of tariff reform. I hold a list of about sixty items taken from the tariff. I might have made the list much larger, but that sixty will be sufficient for my illustration, and, perhaps, hon. gentlemen opposite will not want to listen to the whole list. The only reason I ask them to do so is, to get the list on "Hansard," but if, after I have read from the list a few minutes, they will dispense with my proceeding further—

**MR. FOSTER.** Read it through.

**THE MINISTER OF FINANCE.** My hon. friend is relentless; but other hon. gentlemen on that side may not be so insistent.

**MR. FOSTER.** That is the only way you can get it on the "Hansard."

**THE MINISTER OF FINANCE.** My hon. friend used to get some things into "Hansard" which he did not read in his Budget speech, and I hope he will not object to my being given the same privilege.

**Animals, living, n.e.s.**—Under the old tariff the rate is 20 per cent. Under our general present tariff the rate is 20 per cent.; but if they should come in under the preferential clause, it will be 17½ per cent., and, after the first of July, the rate will be 15 per cent, as against 20 per cent under the old tariff.

**MR. FOSTER.** Does my hon. friend expect many?

**THE MINISTER OF FINANCE.** Not very many; but, such as they are, they will receive the benefit of tariff reform. There are a few cases in which you cannot expect the articles to come under the preferential tariff, because they will not come from Great Britain or the countries entitled to that preference. That is a fair criticism, and I do not want to urge that in every one of the cases the preferential rate will apply, but it will to most of the articles on this list. There are very few cases in which I quote a rate in which the importer will not receive the benefit of the preferential clause. The following is the list:—



STATEMENT showing the Old Tariff Rate, the New General Tariff Rate, the Preferential Tariff Rate to the 30th June, 1898, and the Preferential Tariff Rate from 1st July, 1898, on certain principal articles:

No. of Present Tariff Item.	Articles.	Old Tariff Rate.	General Present Tariff.	Preferential Tariff to 30th June, 1898.	Preferential Tariff from 1st July, 1898.
11	Animals, living, N.E.S. ....	20 p. c. ....	30 p. c. ....	17½ p. c. ....	15 p. c.
125	Books, printed, periodicals and pamphlets, or parts thereof, N.E.S., not to include blank account books, copy books or books to be written or drawn on .....	5c. p. lb. ....	10 " ....	8½ " ....	7½ "
276	Brass manufactures of, N.E.S. ....	80 p. c. ....	30 " ....	26½ " ....	22½ "
540	Indian corn not for distillation ..	7½c. p. bush	Free .....	Free .....	Free .....
325	Bicycles and tricycles .....	30 p. c. ....	30 p. c. ....	26½ p. c. ....	22½ p. c.
180	Coal, bituminous, &c. ....	60c. p. ton of 2,000 lbs.	53c. p. ton of 2,000 lbs.	46½ c. p. ton of 2,000 lbs.	39½ c. p. ton of 2,000 lbs.
360	Cotton fabrics, printed, dyed or coloured, N.O.P. ....	30 p. c. ....	35 p. c. ....	30½ p. c. ....	26½ p. c.
371	Cotton sewing thread on spools ..	25 " ....	25 " ....	21½ " ....	18½ "
362	Cotton clothing, including corsets ..	32½ " ....	35 " ....	30½ " ....	26½ "
368	Cotton velvets, velveteens and plush fabrics, N.E.S. ....	50 " ....	30 " ....	26½ " ....	22½ "
312	Curtains, when made up, trimmed or untrimmed .....	30 " ....	35 " ....	30½ " ....	26½ "
447	Drugs, dyes and chemicals, N.O.P ..	20 " ....	20 " ....	17½ " ....	15 "
294	Electric apparatus, parts of, electric light cables, electric batteries .....	25 " ....	25 " ....	21½ " ....	18½ "

I think that this is an article in which, probably, the Americans will do most of the business. But if the goods are imported

from Great Britain, the duty, under the preferential clause, after the 1st July next, will be 18½ per cent.

362	Fancy Goods— Braids, bracelets, cords, fringes, tassels, &c. ....	30 " ....	35 " ....	30½ " ....	26½ "
	Laces, lace collars and similar goods, lace nets and nettings of cotton, linen, silk or other material .....	30 " ....	35 " ....	30½ " ....	26½ "
361	Flax, hemp and jute, manufactures of— Damask of linen, including napkins, doilies, tray cloths, sideboard covers, damask stair linen and diaper .....	25 " ....	30 " ....	26½ " ....	22½ "
77	Fruits— Dried currants .....	61c. per lb.	61c. per lb.	½c. per lb.	½c. per lb.
	Dried raisins .....				
	Oranges, lemons and limes, in boxes of capacity not exceeding 2½ cub. ft. ....	25c. per box	25c. per box	21½c. per box	18½c. per box

If I am asked whether I expect oranges to come from England, I reply that I do not, but I expect them to come from some other

place whence we shall receive them on more favourable terms than at the present.

STATEMENT showing the Old Tariff Rate, the New General Tariff Rate, the Preferential Tariff Rate to the 30th June, 1898, and the Preferential Tariff Rate from 1st July, 1898, on certain principal articles :

No. of Present Tariff Item.	Articles.	Old Tariff Rate.	General Present Tariff.	Preferential Tariff to 30th June, 1898.	Preferential Tariff from 1st July, 1898.
343	Furniture of wood or any other material, house, cabinet or office finished or in parts.....	30 p. c. ....	30 p. c. ....	26½ p.c. ....	22½ p.c. ....
406	Fur skins, wholly or partially dressed.....	15 " ....	15 " ....	13½ " ....	11½ " ....
201	Glass and manufactures of :— Common and colourless window glass, plain, coloured, stained or tinted or muffled glass in sheets.....	20 " ....	20 " ....	17½ " ....	15 " ....
403	Hats, caps and bonnets, N. E. S.	30 " ....	30 " ....	26½ " ....	22½ " ....
280	Iron and steel, manufactures of :— Hardware, viz.: Builders', cabinet makers', upholsterers', harness makers' and saddlers', including curry combs, carriage hardware, &c.....	32½ " ....	30 " ....	26½ " ....	22½ " ....
227	Iron in Pigs.....	\$4.00 per ton.	\$2.50 per ton.	\$2.18½ per ton	\$1.87½ per ton.
315	Machinery, all other, composed wholly or in part of iron or steel, N.E.S.....	27½ p.c. ....	25 p. c. ....	21½ p.c. ....	18½ p.c. ....
321	Manufactured articles or wares, not specially enumerated or provided for, composed of iron or steel, &c.....	27½ " ....	30 " ....	26½ " ....	22½ " ....
212	Leather and manufactures of :— Calf, kid, lamb and sheep skins dressed, waxed or glazed ...	17½ " ....	17½ " ....	15½ " ....	13½ " ....
212	Upper leather, including dongola, cordovan, kangaroo, alligator and chamois skins, dressed, waxed or glazed....	17½ " ....	17½ " ....	15½ " ....	13½ " ....
219	Boots and shoes, N.E.S.....	25 " ....	25 " ....	21½ " ....	18½ " ....
173	Oils :— Coal and kerosene, distilled, purified or refined, naphtha and petroleum, N.E.S.....	6 c. p. gall.	5 c. p. gall.		

I do not put anything in the preferential list for the following :

169	Flaxseed or linseed, raw or boiled	20 p. c. ....	25 p. c. ....	21½ " ....	18½ " ....
158	Paints and colours :— Dry white and red lead, orange mineral and zinc white....	5 " ....	5 " ....	4½ " ....	3½ " ....
140	Paper and manufactures of— Envelopes, papereries, blank books, and manufactures of paper.....	35 " ....	35 " ....	30½ " ....	26½ " ....
139	Paper, all kinds, N.E.S.....	25 " ....	25 " ....	21½ " ....	18½ " ....
347	Watch actions or movements....	10 " ....	10 " ....	8½ " ....	7½ " ....
334	Wool, manufactures of, N.E.S.....	25 " ....	25 " ....	21½ " ....	18½ " ....
394	Wool, manufactures of— Cloths..... Coatings..... Tweeds..... All fabrics, composed wholly or in part of wool, worsted, &c., N.E.S.....	5c. p. lb. and 25 p.c. 30 p. c. ....	35 " .... 35 " ....	30½ " .... 30½ " ....	26½ " .... 26½ " ....

Mr. TAYLOR. That is good protection.

The MINISTER OF FINANCE. That only shows how thoroughly fair I am putting these items in. I am putting a fair statement before the House. There are a few cases

in which the rates of the general tariff are increased, but in every one of these rates it will be found that when you apply the preferential tariff you have a lower rate than under the old tariff.

STATEMENT showing the Old Tariff Rate, the New General Tariff Rate, the Preferential Tariff Rate to the 30th June 1898, and the Preferential Tariff Rate from 1st July, 1898, on certain principal articles :

No. of Present Tariff Item.	Articles.	Old Tariff Rate.	General Present Tariff	Preferential Tariff to 30th June, 1898.	Preferential Tariff from 1st July, 1898.
	Clothing, ready-made, and wearing apparel of every description, composed wholly or in part of wool, worsted, N. O. P. &c.....	56p. lb. and 30 p. c.	35 p. c.....	30½ p. c.....	26½ p. c.....
397	Carpets, Brussels.....	30 p. c.....	35 ".....	30½ ".....	26½ "
26	" tapestry.....	35 ".....	30 ".....	26½ ".....	22½ "
47	Pearline and other soap powders....	40c. p. brl.....	25c. p. brl.....		
56	Wheat.....	15c. p. bush.....	12c. p. bush.....		
56	" flour.....	75c. p. brl.....	60c. p. brl.....		
152	Surgical belts and trusses, and suspensory bandages of all kinds.....	25 p. c.....	20 p. c.....	17½ p. c.....	15 p. c.
153	Surgical and dental instruments (not being furniture) and surgical needles.....	15 p. c.....	10 ".....	Free from 1st January, 1898.	
171	Lubricating oils, composed wholly or in part of petroleum, costing less than twenty-five cents per gallon.....	6c. per gal.	5c. p. gal.		
199	School writing slates.....	30 p. c.....	25 p. c.....	21½ p. c.....	18½ p. c.
245	Stove plates, stoves of all kinds, sad or smoothing, hatters' and tailors' irons, &c.....	27½ p. c.....	25 ".....	21½ ".....	18½ "
246	Cast iron pipe of every description.	\$10 per ton but not less than 35 p. c.....	\$8.00 per ton...	\$7.00 per ton.	\$6.00 per ton
255	Iron or steel cut nails and spikes (ordinary builders); and railroad spikes.....	4c. per lb..	4c. per lb....	4c. per lb....	4c. per lb.
357	Wire nails of all kinds, N.O.P.....	01c. ".....	4c. ".....	4c. ".....	4c. "
288	Files and rasps N.E.S.....	35 p. c.....	30 p. c.....	26½ p. c.....	22½ p. c.
289	Adzes, cleavers, hatchets.....	35, ".....			
	Saws.....	32½ ".....			
	Hammers, cantdogs, picks, mattocks, anvils, vices and tools of all kinds for hand or machine use	35 ".....	30 ".....	26½ ".....	22½ p. c.
363	White cotton embroideries.....	30 ".....	25 ".....	21½ ".....	18½ "
433	Binder twine or twine for harvest binders of hemp, jute manilla or sisal, and of manilla and sisal mixed.....	12½ ".....	10 ".....	till 1st Jan., 1898 and then free.	
469	Tailors', milliner's and mantle-makers' fashion plates.....	6c. per lb. and 20 p. c. ..	Free.		
479	Artificial limbs.....	20 ".....	".....		
588	Cream separators.....	27½ ".....	".....		
617	Brass trimmings for bedsteads .....	30 ".....	".....		
627	Wire of zinc.....	25 ".....	".....		
633	Zinc in plates.....	25 ".....	".....		

I am afraid that I have wearied the House by reading that long list, but I think it was necessary, in view of the criticisms that have been offered, to show that we have made, if not all the reforms that we desired, a very extended tariff reform and one which I am sure the country will appreciate.

The POSTMASTER GENERAL. Has appreciated.

The MINISTER OF FINANCE. Has appreciated, my hon. friend says, and I accept the amendment.

The most striking feature of the tariff policy of last session was the preferential tariff. That policy was designed chiefly to bring about preferential trade with the mother country, and I am sure the House will agree with me when I say that that portion of our tariff policy has been successful beyond measure, and has given Canada a world-wide fame. When I say this I do not forget that my hon. friend the leader of the Opposition, not many days ago, stated that that policy had been a complete failure. I do not know whether my hon. friend wished us to take that remark seriously. But if we are to treat it seriously for a moment, let us consider what grounds he has for that statement. In order that he might give himself some apparent ground, my hon. friend had to create a policy in his own imagination in order that he might have one much easier to attack. He says, addressing the members on this side of the House: "You told the House that you were going to establish preferential trade with the mother country, you said you could do it, you said you would do it, you said you knew all about it, that you had not any doubt about it and you were going to do it; but you did not do it, therefore your policy is a complete failure." That in substance was the statement of my hon. friend not many days ago. Now, what was the attitude of the Government on this question last year? Was it described correctly by my hon. friend? Did we say we knew all about this matter, that we were going to give preferential trade, that there were no doubts and no difficulties, and that we were sure to do it? No, Sir, every fair-minded man knows that that is not a correct description of what occurred in this House.

What we did say was this: That while we knew well that the Belgian and German treaties had for years been regarded as standing in the way of any such arrangement, we felt that the issue respecting these treaties had never been fairly and properly tried out before the British Government; we felt that the moment had arrived when we should challenge the position that was taken on that question, to see if something could not be done to bring about a change for the better. I have stated that we knew that the Belgian and German treaties appeared to stand in the way, but we felt the time had

come when we could present the question before Her Majesty's Government in a new form. In the first place, there was room for argument, and we did argue, that inasmuch as the Belgian and German treaties had never been ratified by the Parliament of Canada, or by the legislatures of the province of Canada, or by any particular legislation anywhere, there was fair ground for contending that those treaties could not be made to apply to a self-governing colony like Canada. We had to take the position, in Canada's interest and as the advocates of Canada, that it was our duty to put forward every argument we could put forward in favour of and in support of our claim. We had presented the question to the House in a form not confined to preferential trade with the mother country alone. We presented our proposition to Parliament in the form of an offer to extend preferential trade to such countries as might be willing to extend equal advantages to us. There was a reciprocal condition in the treaty which opened a new question, new at all events as regards Canada and the mother country. There had been no previous proposal on such lines, and therefore we felt there was room for argument, and we were bound to argue, that new conditions that existed enabled us to question whether those treaties would have the effect which hon. gentlemen opposite in this House said they had. We went on to contend, and we did contend that even if Belgium and Germany were standing in the way, as they had been standing in the way in the past, the new conditions that were imported into the question since the offer was made to other countries, even to Belgium and Germany, if they were prepared to avail themselves of the offer, placed Canada in a position which Her Majesty's Government should consider. We were well aware that these were debatable subjects, that some of them in times past had been the subject of difficulties; we knew there were doubts and difficulties surrounding them; and we further knew that Her Majesty's Government, in dealing with foreign nations, would always be disposed to interpret treaties in a very liberal spirit to the contracting parties; but knowing all these facts, we nevertheless felt that we were bound as the advocates of Canada to put forward every claim which could be put forward in its behalf. That was the position the Government took, and that was the position which my hon. friend the Minister of Marine and Fisheries took in this House, and which he took outside of this House, and as an advocate of Canada he was bound to put forward every claim he could in order to sustain Canadian interests.

In order to show that this was the position we took, that we knew there were doubts, that we did not take the position which hon. gentlemen opposite say we took, I am going to ask the House to bear with me while I read a quotation from my De-

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Preferential  
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1898.

264 p. c.....  
264 "  
224 "

15 p. c.  
January, 1898.

184 p. c.  
184 "

00 per ton  
4c. per lb.  
20c. "  
224 p. c.

224 p. c.  
184 "

and then free.



get Speech of last year, and I read it because I desire to show that from the beginning the position we took was this, not that there were no doubts, not that the course was clear, but that doubts and difficulties prevailed, and that we were resolved to go forward with the firm conviction that even though the views we held could not be sustained by Her Majesty's Government, the outcome of the whole matter would be to present the Belgian and German treaties in a new light and one which was likely to bring about good results. Speaking at the time when I was asking the adoption of this new policy, I used the following language:

"Now, I shall not undertake to pass any judgment upon this very important question of the most-favoured nation clauses of these Imperial treaties. It is an international question, and it is well that we should reserve our final judgment upon it. We recognise that it is a question upon which we shall ultimately have to consult with Her Majesty's Government, and I need not say that any view that may be taken by Her Majesty's Government will be considered by the Government of Canada with the respect that is due to any representation that might be made upon any subject, but above all, on the question of an international character. I say that it does not seem fair and reasonable that we should be obliged, while we are offering certain terms not to Great Britain only, but to all countries which will place themselves in the same position—it does not seem to be fair and reasonable that we should be obliged to extend the privileges of this schedule, which we call a reciprocal tariff, to nations which are not willing to do anything in return."

"I admit there may be difficulties in the way. It may be possible that the view we take of this matter is not the correct view, but we say it is only fair and reasonable in the interests of Canada, in the interests of fair trade between ourselves and Great Britain, that we should to-day take the position that the favoured-nation clauses do not apply."

I regret that I have mislaid for the moment the page on which I have extended the balance of the sentence.

Mr. DAVIN. It is as follows:—  
"—and that this resolution, which I put upon the Table of the House, will only extend to such countries as are prepared to give admission to our products under fair terms."

The MINISTER OF FINANCE. Perhaps the hon. gentleman will proceed with the reading, because it is very good sense.

Mr. DAVIN. Sir Charles Tupper then said—

Some hon. MEMBERS. Oh, oh.

The MINISTER OF FINANCE. At that stage of the discussion the leader of the Op-

position exchanged a few words with me in which he took the ground that the treaty in express terms stood in our way. I continue the quotation:

"The MINISTER OF FINANCE. Even if it does, the world moves, and possibly the step we are taking to-night may have the effect—and that may be one of the advantages of it—of drawing the attention of Her Majesty's Government and of the English public to the position of those treaties, and thus opening up the question. Meantime, Sir, recognising the difficulties, recognising the possibilities that our judgment may be mistaken, and recognising the obligations we may owe as part of the Empire, we intend for the present to take the view that inasmuch as we offer these conditions to other nations, if they do not see fit to accept them, the responsibility rests upon them and not upon Canada."

From these passages, Mr. Speaker, it will be seen that from the beginning we recognised the debatable character of the subject, and the doubts and difficulties which were before us; and we went forward, not with the assurance that the views which we had advanced would in all respects prevail, but even that if our interpretation of the treaties should not be upheld, we should place the question before the public in such a manner as would show most effectually the objectionable character of the Belgian and German treaties.

True, Sir, the hon. leader of the Opposition said from the beginning that there was no ground whatever for our contention, and that no good could come from our action. But better authorities than he admitted that the grounds we had taken demanded grave consideration. A great organ of British opinion, usually well informed in Imperial and colonial matters, the London "Times," emphatically declared that it was doubtful whether these treaties applied to such a case as was created by the action of Canada. Her Majesty's Ministers in London deemed the position taken by our Government so important that they reserved their judgment until the question could be fully argued before the law officers of the Crown.

Our views were presented to Her Majesty's Ministers and to the law officers and to the British public by my hon. friends the Prime Minister and the Minister of Marine and Fisheries, assisted in the legal argument by Hon. Edward Blake. Sir, what was the result? The Imperial authorities held that under the treaties in question Germany and Belgium were entitled to receive in the British colonies the same tariff conditions as were available to Great Britain.

Well, Sir, if the matter had ended there, if that were the whole story, undoubtedly my hon. friends opposite would be in a position to tell us that our policy had borne no

with me in the treaty way. I con-

E. Even if it possibly the day have the the advantage of the Eng- those treat- the question, the difficulties, that our judg- recognising the part of the went to take offer these they do not responsibility Canada."

aker, it will we recog- of the sub- cuties which forward, not views which respects pre- interpretation of d, we should public in such it effectually the Belgian

the Opposition there was no cention, and m our action. he admitted he demanded rgan of Brit- the London that it was applied to the action of rs in London our Govern- reserved their could be fully of the Crown. to Her Ma- law officers y hon. friends

Minister of Ma- in the legal ke. Sir, what al authorities in question entitled to re- ne same tariff to Great Bri-

ended there, undoubtedly be in a post- had borne no

good fruit. But we all know that the matter did not end there. While these negotiations were going on, while arguments were being heard before the law officers of the Crown in England, as to the position of Canada under these treaties, a great public opinion was being created in the United Kingdom and throughout the Empire which became a potent factor in settling this question. For the first time the people of England were made to fully understand what these treaties meant, and how they stood as a barrier between the mother country and her colonies. Public men in this country had been talking of preferential trade for years, but they had never got beyond the stage of talking. If we had followed, on the same lines no doubt we would have been equally unsuccessful as others had been in disturbing the objectionable treaties. If we had continued to make speeches on preferential trade, and to pass meaningless resolutions which would accomplish nothing, I have no doubt we should have failed in removing the barriers which stood in our way, and I have no doubt we should have gone on for years without accomplishing any substantial result. Efforts have been made by hon. gentlemen opposite to make it appear that we could have obtained preferential duties in the British markets in return for our concessions, if we demanded such. It has been said by these hon. gentlemen that my right hon. friend the leader of the Government had opportunities when he was in England of receiving what are called better terms from the mother country, and that he failed to take advantage of these opportunities; indeed it is said that he refused offers which it is alleged had been made to him.

I believe, Sir, for my part that every man who has had opportunities of sounding public opinion in England on this subject realises that there was no ground whatever for expecting such preferential terms as we are told we should have demanded. I do not believe that any intelligent man will say candidly to-day, that there is any probability in the immediate or early future of the British people adopting a policy of preferential trade on the terms mentioned by my hon. friends opposite.

Mr. FRASER (Guysborough). Nor on any terms.

THE MINISTER OF FINANCE. My hon. friend (Mr. Fraser) says "nor on any terms," but I will not go so far as that. I will however go this far, and I will say that upon the terms which hon. gentlemen opposite talked preferential trade, there is not and never was a ghost of a chance of Great Britain accepting it. I believe that every man who has gone to England and has met public men there, and has met the representatives of the press, and has got down among the masses of the people, must realize the fact that you cannot get the masses of the Eng-

lish people to impose differential duties for the benefit of the colonies. There is a cardinal point in respect to these duties which reaches the masses very quickly. The first step in a movement of preferential trade of that sort must of necessity look towards the imposition of duties on grain; a renewal of what are called in English the old Corn Laws. I ventured to discuss this phase of the subject in my remarks a year ago, and I shall ask the House to bear with me while I read a brief extract from what I then said. These were my opinions then:

"This question of preferential trade has been mentioned in the House in times past. Leading public men have advocated preferential trade, but always annexing to their suggestions a demand with which it was well known England could not comply. All the advocates of preferential trade, at all events all who have taken an active part in that movement, have assumed that as the first step, England must consent to put a duty on grain. We know that England does not view that project with favour. We know that no more unpopular project can be offered the English people than to ask them to put a duty on breadstuffs. It may be, as time rolls on, and at an early day, they may change their views. It may be that they may see it in their interest to make this distinction, and they may offer some preferential terms to the grain of Canada. If they can be induced to do that by fair argument, I have no doubt it will be a good thing for Canada. But why should we wait for England to take action? England has dealt generously with us in the past. England has given us a larger degree of liberty perhaps than is possessed by any other country on the face of the earth. She has given us liberty to tax her wares even when she admits our goods free, and we have taxed them to an enormous degree. Why should we wait for England to do more? Somebody must make a move in this matter, and we propose that Canada shall lead the way."

As a gauge of the public sentiment in England I believed that these words were true on the 22nd of April last, and I believe they will be found to be equally true to-day. There was no prospect then; there is no prospect now that the English people will agree to tax their bread to please the Canadian people.

Some hon. MEMBERS. Hear, hear.

THE MINISTER OF FINANCE. I do not say that such a thing is impossible. On the contrary, I admit it is within the bounds of possibility, though by no means likely to come in the near future.

Some hon. MEMBERS. Hear, hear.

THE MINISTER OF FINANCE. I venture to say, with the fullest confidence, that

If such a policy is to be adopted by the mother country, it will not be brought about by any huckstering policy on the part of Canada, or on the part of any of the colonies making demands of an unreasonable character; but it will come as the result of a grand Imperial sentiment which will override all questions of an economic nature. I repeat, that if such a policy is to come it will come as the fruit of the growth of an Imperial sentiment, and nothing that has occurred in colonial history has done so much to create and develop that sentiment as the very measure which the Parliament of Canada placed on the Statute-books of this country last year.

It being Six o'clock, the Speaker left the Chair.

#### AFTER RECESS.

THE MINISTER OF FINANCE. Mr. Speaker, when you left the Chair at six o'clock I had been discussing for a few minutes the question of preferential trade, with some reference to the denunciation of the Belgian and German treaties, and also with particular reference to the views on preferential trade which are sometimes expressed by hon. gentlemen on the other side of the House. In order to show the views which the Government entertained last year on that subject, I had taken the liberty of quoting a passage from my own speech. It had been represented occasionally—and my right hon. friend the Prime Minister had been particularly attacked on that score—that the Government of Canada, in return for concessions granted to Great Britain, could and should have obtained certain preferential advantages in the British market. I had quoted from my remarks of last session to show that the view which the Government entertained of that question was that, owing to the strong opinion known to prevail in the mother country on the question of protective duties generally, but particularly on the question of protective duties affecting articles of food, there was no reasonable ground for believing that any such preferential terms could have been obtained in the British market.

What was it that moved the British public as the British public had never been moved before by a colonial legislative enactment? It was that the Government and Parliament of Canada, not demanding impossible conditions, not asking things which they knew or should know the British public were not prepared to grant, not raising any demand of an unreasonable character, not trying to have any huckstering or bargaining in the transaction, but in a free and generous spirit, in recognition of the liberal manner in which England has always treated her colonies, had not been content to talk preferential trade, but had acted preferential trade. It was because Canada had thrown

open the door, and had declared that at every custom-house, from ocean to ocean, the goods of the mother country should be admitted on terms of preferential trade. It was when that step was taken that the great heart of the English people was moved on this subject; and so, when the moment arrived when the Imperial authorities were obliged by the terms of the German and Belgian treaties to declare that they were not at liberty to accept the conditions of preferential trade which we offered—when the English people found that Canada had opened the door of her custom-houses in the manner I have described, and that by the conditions of those treaties the Imperial Government were obliged to close the door and refuse the offer—then the British people understood, as they had never understood before, the true character of those treaties, and thus there was secured the public opinion which enabled Her Majesty's Government to take the step from which in former years they had been obliged to shrink. I pointed out, Sir, that if we had simply failed to sustain our ground with respect to the application of the Belgian and German treaties, that the reciprocal character of our tariff entitled us to claim that the treaties did not apply, and that had been the whole story, there would have been some ground for the claim of hon. gentlemen opposite that our tariff policy in that respect had not been a success. But when we were able to show, as a direct and immediate result of the step which Canada had taken, that the denunciation of those treaties, which had been sought by the colonies for so long a time without success, was brought about, then I say the Government of Canada had a splendid vindication of the policy they had pursued on that question. We all knew, Sir, with what joy the view taken by the Government of Canada was received by the English people. We know that while the Government of Canada was backed up, and promptly backed up, by the action of the sister colonies, it was backed up still more strongly by British public opinion; and but for that public opinion, which I claim was the direct outcome of the Canadian policy itself, those Belgian and German treaties would not have been denounced down to the present moment.

I have spoken of the effect of the Belgian and German treaties on our movement for preferential trade; and now I must say something with regard to another class of treaties, those commonly called favoured-nation treaties. Great Britain has treaties with many nations, containing what is called the favoured-nation clause, by the terms of which it is declared that if at any time Great Britain should grant to any third power any commercial advantages, she shall be obliged to grant those advantages likewise to the contracting power. When, there-

fore, by the action of Her Majesty's Government, it was determined that the Belgian and German treaties must apply to Canada, and that we must admit Belgian and German goods on terms as favourable as the goods of England, then it followed that by the terms of the favoured-nation treaties, we were obliged to concede like advantages to every one of the nations which had a treaty of that kind with the mother country. I have here a statement showing the several countries which have been brought under the operation of the Canadian preferential tariff:

"Countries admitted by the reciprocal character of their tariff: New South Wales, British India, Netherlands, Japan.

"Countries admitted under the Belgian and German treaty: Belgium and Germany.

"Countries admitted under the favoured-nation treaties: France, Algeria, and the French Colonies; Argentina, Austria, Hungary, Bolivia, Columbia, Denmark, Persia, Russia, Sweden and Norway, Tunis, Venezuela, Switzerland, Liberia, Morocco, Salvador, South African Republic, Tonga, Spain."

The case of France, Algeria and the French colonies was governed by our own Franco-Canadian Treaty, which had, of course, received the approval of the Canadian Parliament. In the other cases, the favoured-nation treaties had never received the approval of the Canadian Parliament; but they were nevertheless held to apply to Canada. Thus it will be seen that the preference which we wished to give, and which we actually did give for several months to Great Britain, had to be extended to the countries I have named; and we refunded to importers duties which had been collected in the interim upon goods from those several countries.

But all this will come to an end at a very early day. At the end of July in the present year the Belgian and German treaties will expire. Canada will not then be obliged to give the preference to either Belgium or Germany.

With the fall of the treaties, the claims of other nations, under the favoured-nation treaties, to receive equal advantages will also fall. Canada will then be free to confine the benefits of her preferential tariff to the mother country and to such colonies as, in the judgment of Canada, should be admitted. That is, Mr. Speaker, what we can do, and that is precisely what I shall have the honour of proposing to the House. Under the terms of the preferential tariff, as it now stands, the second reduction of 12½ per cent, making 25 per cent in all, will take effect on the first of July next. For the moment, it will be necessary for us to give that greater reduction, not only to Great

Britain, but to the various nations I have mentioned, because the treaties do not expire until the last day of July. We propose to repeal the section of the law and the schedule dealing with the preferential tariff. We propose that that repeal shall take effect on the first of August next, which will be the day when Canada will no longer be bound by the Belgian and German treaties, and we propose to substitute for the existing law on the subject a new section and schedule, in accordance with the statement I have made. This new section and this new schedule will provide that the preferential tariff shall, in the first place, apply to the products of the United Kingdom of Great Britain and Ireland, and also that it shall apply to the products of any British colony or possession the tariff of which is deemed to be favourable to the trade of Canada. Under this provision, New South Wales and British India will be admitted, as they now are, to the benefits of the preferential tariff. There will be a further provision respecting the operation of the preferential tariff, to which I shall refer as I proceed.

Mr. McNEILL. Will the hon. gentleman kindly say, how the denunciation of the Belgian and German treaties affect the favoured-nation clause with regard to other countries?

The MINISTER OF FINANCE. By the favoured-nation clause we are obliged as part of the Empire, to give to any country having a favoured-nation treaty with Great Britain any privilege which may be granted to any third power. Belgium and Germany are third powers within the meaning of these works. Therefore, when we were obliged, by the decision of the Imperial authorities, to give the privileges of the tariff to Belgium and Germany, these being third powers as respects all other nations, the favoured-nation treaties began to apply, and we had to extend the advantages to the several countries as well.

Mr. McNEILL. I think I did not make my question quite clear to my hon. friend. I was not asking with regard to Belgium and Germany, but with regard to other countries. For example, Holland had a right to come in under the favoured-nation clause: would not all other nations having that clause in their treaties, have the right to come in as soon as Holland was admitted, irrespective of Belgium and Germany altogether?

The MINISTER OF FINANCE. I see the hon. gentleman's point now. The point is, that having admitted Holland, we would be obliged, even irrespective of the German and Belgian treaties, to admit the other nations as well. That would be quite correct, but we could easily have refused to admit the goods of Holland, and then there would be no trouble. But we could not



refuse to admit the goods of Belgium and Germany with the same freedom as we could the goods of Holland.

Mr. McNEILL. Does the hon. gentleman say that he could, in the face of his reciprocal offer of last session, have refused admission to the goods of Holland?

THE MINISTER OF FINANCE. That, possibly, is a question upon which legal gentlemen might differ. I am strongly inclined to think that there was a measure of discretion remaining in the hands of the Government on that question. I will not say, however, that the question is beyond debate. I think, perhaps, there is room to doubt whether or not we were obliged to admit the goods of Holland. However that may be, Holland received the benefit of the doubt, and we did admit her goods. The hon. gentleman is quite right in stating that the moment any foreign nation, no matter by what method, received the benefits of our preferential clause, we were then obliged, under the Imperial decision, to give every other nation having the favoured-nation clause in its treaty the same advantages.

I wish now to say something with regard to changes which may be deemed necessary in the present tariff. The Government have been gratified, and exceedingly gratified, by the manner in which the tariff policy of last year has been received by the country. We believe that that policy has given unbounded satisfaction. We did not make the mistake, and we do not make the mistake now, of supposing that the tariff is perfect. There are duties in it which are higher than some of us would like them to be. There are duties which we hope will not remain for ever or for a very long time. There has been, however, a very general recognition among the friends of the government of the fact that, in a matter of this kind, it is necessary that we should proceed in the spirit of compromise. It was realised that, in a large question, affecting such a wide area of country, with so many conflicting interests, we could only hope to work out the details of the tariff by giving and taking, as respects the different sections of the country. It was recognised by the people that we ought to avoid, as we did, such radical changes as might be calculated to seriously disturb the business of the country. All these considerations, into which the Government were bound to enter, and which influenced the policy of the Government to a considerable extent, have been recognised by the public at large. I believe the people are reasonable in that respect, and will not ask us to make at once that which would be a radical change, and that which might have a disturbing influence on business. I think it will be admitted that frequent tariff changes are not desirable. Something in the nature of tariff stability is much

to be desired. It is better, even, that we should bear with some inequalities that may exist, than suffer the greater evils which would arise from frequent tariff changes. We have had representations made by a number of interests which, they think, ought to receive more consideration. Some of these presented cases which have, to some extent, commended them to our judgment, and if we were opening up the general revision of the tariff, or a revision to any considerable extent, we would be able to lead a willing ear to some of the representations that have been made to us. But we think, Sir, on the whole, believing as we do that the changes in the tariff should not be numerous or frequent, believing that we should have a large measure of tariff stability, believing that the public understand the policy of the Government in this respect and will be content to have us carry it out in that spirit of moderation and caution that we have so far evinced, we wish to announce to the House that it is not our intention to make any numerous changes in the tariff at the present session. In fact, I may state that, so far as the rates of duty are concerned, we have only one change to announce. There are some other changes which are more matters of form than of substance. The preferential tariff will have to be amended in the direction I have already indicated. We think it is expedient to make a change that is purely technical in the section of the law relating to prohibited goods. As respects the duty on raw leaf tobacco, which we imposed a year ago, we propose that, after the 1st July next, it shall be collected through the Department of Excise instead of through the Department of Customs. It has been arranged that in the Excise Department the duty shall be collected on a basis on what is called in the Inland Revenue Department the standard weight. Under the existing law, tobacco is dutiable on the weight when it passes through the customs. Arrangements have been made by some of the large manufacturers to dry tobacco before it passes out of the warehouse, so that they do not pay on the moist weight. Other manufacturers, not being so well able to do that, are obliged to pay on the moist weight. It seems only fair and equitable that we should treat all alike, and when it is to be dealt with by the Excise Department, that the regulations of that department should be adopted in the matter. With regard to the duties on tobacco, which were increased last year to a considerable extent, I am free to say that I have doubts that this is as wise a measure as we hoped it would prove. I may say frankly that I am afraid it has led to an increase of smuggling to a very considerable extent, and we may well consider, at a future day, whether or not we can successfully enforce so high a scale of duty. However, the law in that respect has been in force for a very short time, and

we think it only reasonable to give it a fairer trial before we condemn it. So we do not propose to make any change with regard to tobacco except as I have just announced.

But, Sir, while it is a good thing to avoid what is called tariff tinkering, there is just a possibility that in condemning that practice we may go too far. I find that tariff tinkering is an expression which means different things in the minds of different men. A man who is quite satisfied with the tariff thinks that any interference with it is tinkering, whereas a man who is not satisfied thinks that some change such as he desires would be high statesmanship. We wish to guard against frequent changes in the tariff, against tariff tinkering, but let us be careful how we convey the impression to the public, because we do not mean it, that we regard the tariff as final. Let it not be supposed that the tariff is settled for ten years or even for five years. So long as there are high duties, there must be demands for tariff changes. Nothing is settled until it is settled in accordance with right, and so long as there are high duties, we may expect agitation for reduction. I am afraid there is no rest for the protected manufacturer. I am inclined to think, Sir, that he will find eternal vigilance to be the price of his protection. He must be on guard all the time against the attack that he knows must always come. So long as there are high duties, there will also be consumers to protest against them, and I think that the manufacturers will show the best understanding of their own position, and best consult the permanent interests of manufacturing enterprises, if they will realise that very important fact. It is well, if they are to-day in a position which affords them some comfort and advantage, that they should apply their time and use their opportunity to get their business upon such a basis that it will be as little as possible dependent upon tariff aid. The tendency of a high tariff policy is to lead men to look too much to tariff and too little to the efforts they should make for the benefit of their business. What a world of good might have been accomplished for the true interests of manufacturing in the Dominion of Canada, if all the time, and all the energy, and all the labour, and all the money that have been expended in the last twenty years in tariff watching and tariff wire-pulling at Ottawa, had been expended in the factories, in the development of business, in new invention and discovery, in producing labour-saving machinery, in learning what might be done with waste products, in dealing with all those forms of industrial progress which have to be dealt with by the manufacturer when he has keen competition. We would, therefore, say to the manufacturers, if he desires permanency in the tariff, he must never

expect permanency until the tariff gets down to a moderate point; and to-day there are duties in the tariff so high that I am sure the Government are not prepared to treat them as part of a permanent tariff. I say this, Sir, in no spirit but that of friendliness to the manufacturing interests. While the manufacturers are in a fairly good position to-day, it would be a mistake for them to fail to realise the fact that Canada has turned her face away from a high tariff policy, and though we may proceed slowly, whatever progress we make from this time forward must be and should be in the direction of greater freedom of trade.

Hon. gentlemen have already observed that in the Imperial Parliament the Colonial Secretary, the Right Hon. Mr. Chamberlain made some reference to negotiations that were taking place between the Dominion of Canada, United States and the West Indies with regard to reciprocal trade. These negotiations, so far as Canada is concerned, have not gone very far, and we have not much to communicate to the House concerning them. But we are of opinion that, without waiting for the completion of these negotiations, without waiting for the development of all that is likely to arise in connection with that subject, there are opportunities opening to us to-day of which we should take advantage to enlarge the trade between Canada and the West Indies. We think that something of this kind should be attempted in the interest of Canadian trade, because there are large opportunities of development in that quarter. There are a million and three-quarters of people in the British West Indies, if we include Bermuda, who are our natural customers, with whom we should have more extended trade relations. When we remember that of the 380,000,000 pounds of sugar consumed in the Dominion of Canada, only 25,500,000 pounds come from the British West Indies, our natural customers, and that the remainder comes from other countries, largely from continental nations which supply us with beet sugar and take little or nothing from us, I think the House will agree with me that we ought to desire an extension of our trade with the West Indies and to consume to a larger extent the products of that country. If we were to put aside all other considerations, the advantages of trade with that country appeal so strongly to us that I am sure the House would desire us to make some special effort to extend our business in that quarter.

But there is another consideration which we may well take into our minds. The West India question to-day is one of the great problems of the Empire. In the olden days when sugar was king, when cane sugar was in great demand and at high price the West India colonies were among the most prosperous colonies of the Empire. But

times have changed in that respect, to some extent, and the West Indies are suffering to-day from a very severe depression. What the causes of that depression are, may possibly be a subject of contention, to some extent. It is alleged that the depression is the result of a failure on the part of the West India planters to live up to the times, and to improve their methods of growing and their methods of treating sugar. I give that as one reason which is sometimes alleged against them, not that I endorse the opinion. There is no doubt whatever that another condition has operated very largely against them, and that is the development of the beet sugar industry, particularly in the case of the continental nations where bounties are given. The West Indies claim that as respects the conflict between cane sugar and beet sugar, the West Indies could hold their own but for the difficulty which is created by the bounty system of Europe, notably of the various continental nations. Just how far that is correct is perhaps a matter upon which none of us can give a conclusive opinion. What we do know, however, is that these million and a half to a million and three-quarters of people in these islands, are suffering a very severe depression. Their finances are in a bad position, the business of the islands is in a bad position, the condition of the West Indies is at this moment a very serious subject to the people of the colonies, and a very grave problem for the Imperial Government, and the Imperial Parliament. So keenly has this matter been felt of late, that a few months ago a royal commission was appointed by Her Majesty to inquire into the condition of the British West India colonies. That commission was composed of General Sir Henry Norman, Chairman, Sir David Barbour and Sir Edward Gray. These gentlemen made a very exhaustive inquiry into the condition of the West Indies, and they reached conclusions, some of which were unanimous, and some of which were matters of division. It was agreed that the financial position of the West Indies was so embarrassed that the Imperial Government would have to grant aid in the way of loans and grants for public works, and that, I may say, is being done at this moment by measures which are before the Imperial Parliament. The chairman of the commission, Sir Henry Norman, went further. He claimed that they were not likely to be successful in dealing with the West India question unless they were prepared to adopt a policy of countervailing duties, that is to say, that wherever a continental nation granted a bounty upon its beet sugar, there should be a countervailing duty upon that sugar if imported into Great Britain. That subject has been very much discussed in Great Britain. I do not think the advocates of countervailing duties there are very numerous, but they are

certainly very intelligent, able and influential, and an impression existed in the minds of many people that Her Majesty's Government would yield to the recommendation of Sir Henry Norman and establish countervailing duties. However, any doubt that might have existed on that score has been removed of late by a speech delivered at Liverpool by the Colonial Secretary, Mr. Chamberlain. In that speech he indicated that the British Government were not prepared to accept the remedy of countervailing duties, but that they would seek in other ways to assist the position of the West Indies. I have already stated that measures are before the Imperial Parliament now to give aid in the shape of grants and loans for public works. It is also the desire of Her Majesty's Government to assist the West Indies in other ways. Efforts are being made to induce the West India people in some of the islands to give up the growing of sugar, and devote their attention to other products which it is thought the islands will successfully produce and no doubt something will be done in that direction. While the production of sugar has been steadily falling off, the production of other articles, chiefly fruits, has been very largely extended. Still, sugar is and must be the chief product of the West Indies for the present and for a long time to come; and unless there can be a profitable market for the sugar of the West Indies, I am afraid there is not very much hope of the relief which the West Indies desire being obtained. Knowing as we do that Her Majesty's Government are following this question very closely, knowing that they are dealing with a serious problem in the face of many difficulties, it has occurred to us that, as the West Indies are our natural market, as they are British colonies, though far away in one respect, colonies with which we have close relations, that we have some Imperial responsibilities in this matter—it has occurred to us that we should be willing in a small way to lend a helping hand to those colonies in the sunny south. If we adhere too rigidly to the underlying feature of our preferential tariff, I am afraid we shall have to admit that the terms of the tariffs of the West Indies are not favourable to us, and perhaps we could not by a mere reciprocal clause extend the preferential tariff to the West Indies.

We have examined the tariff of the West Indies, and we find that while they are high tariffs to a considerable extent, they are in no sense protective tariffs. The duties imposed are largely on food products, and these, as we can well understand, are the very things that Canada might hope to sell. I have here a statement which I shall summarize, if my hon. friends will permit me to do so, showing the operation of these West India tariffs on some of the chief products of Canada:

STATEMENT showing the Import duty levied by the undermentioned British Colonies (British W. Indies, British Guiana and Bermuda), on the various articles as given below :—

	Coal.	Flour.	Oats.	Potatoes.	Butter.	Cheese.	Codfish—dry, salted.	Planks and boards.
Jamaica.....	Free.....	8s. per brl.....	3d. per bush..	Free.....	1d. per lb.....	1d. per lb.....	3s. 6d. per 100 lbs	2s. per 1,000 ft.
The Bahamas.....	".....	2s. 6d. per brl	6d.	".....	2s. per brl.....	12s. 6d. per 100 lb	2s. per 100 lbs...	10s. per 1,000 ft.
Trinidad and Tobago	".....	3s. 4d.	".....	4d.	".....	Free.....	Free.....	8s. 4d. per 1,000 ft.
Grenada.....	".....	4s.	6d.	".....	1d. per lb.....	7d. p. c.....	1s. per 100 lbs...	10s. per 1,000 ft.
Barbados.....	2s. 6d. per ton...	4s. 2d.	".....	9d. per 100 lbs.	".....	".....	".....	".....
St. Vincent.....	£10 per £100 val.	4s.	".....	4d. per bush..	".....	".....	".....	".....
St. Lucia.....	6d. per ton.....	4s.	".....	4d.	".....	".....	".....	".....
Dominica.....	5s.	".....	6s.	".....	6d.	".....	".....	".....
Montserrat.....	2s.	".....	5s.	".....	3d.	".....	".....	".....
Antigua.....	2s.	".....	5s.	".....	3d.	".....	".....	".....
St. Christopher (St. Kitts)	2s. 1d. per ton...	4s. 6d.	".....	3d.	".....	".....	".....	".....
Bermuda.....	Free.....	".....	15 p. c.....	15 p. c.....	15 p. c.....	15 p. c.....	15 p. c.....	15 p. c.
British Guiana.....	50c per ton loose, 32c p. hoghead	".....	1c. per lb....	Free.....	2 cts. per lb.....	2 cts per lb.....	50c per 112 lbs.	\$3.00 per 1000 ft.

\* Spruce and white pine, 5s. per 1,000 ft.; pitch pine, 10s. per 1,000 ft.; all other kinds, 12s. 6d. per 1,000 ft.

† Pitch pine, rough or prepared for buildings, 16s. per 1,000 ft.; white pine and spruce, 10s. per 1,000 ft.

‡ Pitch pine, 12s. 6d. per 1,000 ft.; hard woods, £1 0s. 10d. per 1,000 ft.; white pine and spruce and all soft woods, 8s. 4d. per 1,000 ft.  
§ Pitch pine, 8s. 4d. per 1,000 ft.; hard woods, £1 0s. 10d. per 1,000 ft.; white pine and spruce, 6s. 3d. per 1,000 ft.

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I think it cannot be contended that in any case these are protective duties. They are not designed to exclude the products of Canada, or indeed to exclude the products of any country, but those people find that the necessities of their revenue oblige them to tax food products very heavily. Therefore, as I said a moment ago, were we to apply too rigidly the principle of our preferential tariff to those colonies, I am inclined to think we could not properly admit them to the benefit of that tariff. Nevertheless, in view of the condition of affairs which exists there to-day, in view of our own desire to extend our trade relations with the West Indies, in view of the difficulties which are presented in the treatment of the question by Her Majesty's Government, and with a desire to assist in some small and modest way in working out these great and difficult problems, we propose that without waiting for anything further, without demanding concessions from our West India friends which their needs might not allow them to grant, without insisting upon a rigid compliance with the conditions, we propose, after the first day of August, when the treaties expire, and when we can give full play to our policy of preferential trade, to extend that policy to all the British colonies in the West Indies.

The principal imports to be expected from the West Indies will of course be sugar, but we may expect other things, and notably fruits. On the other hand, we should be able largely to increase our sales of Canadian products to those islands. The maritime provinces have long carried on a trade with those islands, chiefly in fish and lumber, though other products have been sold as well. If we increase our purchases of West India sugars, as we hope to do, there is no reason to doubt that our exports in these lines will be increased. But, Sir, we do not think this trade should be confined to the maritime provinces; there does not seem to be any reason why the products of the province of Ontario and the great west should not find a large market in the West Indies. If we look into the statistics of the islands we will find that the West Indies are large consumers of food products such as we raise in Canada, but we find that the bulk of those products are being received from the United States. My hon. friend the Minister of Trade and Commerce, says, through the United States. There is something in that point; but I think the great bulk of the food products for the West Indies are the products of the United States as well as having been shipped from the United States. There does not seem to be any good reason why the flour, cheese, bacon, ham, lard, butter, and the various articles which the farmers of Ontario and the west produce could not have as fair a chance

of sale in the markets of the West Indies as similar products from the United States. There has been a difficulty in the past, I think, through lack of attention to these markets. Sometimes a merchant, with an unsaleable stock, thinks it a very simple thing to dump it on the West Indies market, and then he complains that he has not made any money on it. You cannot do business in the West Indies or anywhere else in that way. Our producers must realize that in order to sell their goods in the West Indies they must ascertain the conditions of the market and adapt themselves to those conditions. But surely there is no reason why the farmers and merchants of Canada cannot adapt themselves to those markets just as well as the farmers and merchants of the United States. We believe if care be taken to investigate the market, if care be taken in collecting the right articles as to quality, in sending them out at the proper time and in the manner of packing them, taking care that the quality is what the West Indian market wants and the style of package is what is required, there is a fair chance of very considerable extension of Canadian trade in that quarter. For some years we have had two steamship lines running to the West Indies; one from Halifax to Jamaica, and the other from St. John and Halifax to Georgetown, Demerara, which is on the mainland of South America. But the line from Halifax and St. John down to Demerara is by a route involving so many ports of call that by the time the destination is reached the voyage is a very long one, and the importers at the distant points claim they have not the same opportunity to trade with Canada as with the United States. It is very desirable, if it can be accomplished, and though we have no proposal to make on the subject to-day, we hope something of the kind will be brought about, that a quick and direct line from Canada, not calling at all these way ports, but calling at Barbadoes, Trinidad and British Guiana, may be established. If attention be given to this trade in the way suggested, we have a strong hope, from inquiries made, that a very considerable trade will be built up in that direction. Whether we are successful in doing so or not, one thing is certain, namely, that the present condition of the West Indies and the Canadian West India trade demands that some effort should be made on these lines, and we think the best we can do for the people of the West Indies is to say: We will give you the benefit of our preferential tariff, without bargain or anything else, and we do not expect you to make very great concessions to us; but if any means can be devised whereby obstacles to Canadian trade can be removed in that quarter, we have no doubt that you, our brother colonists, will

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meet us in the same spirit as we desire to meet you.

There is another direction in which we think we can do a little to help the people of the West Indies. The present method of levying the sugar duties in Canada operates unfavourably to the sugar trade with the West Indies. The duty is a flat specific duty of one-half cent per pound on raw sugar. It admits of very large variations and very large injustices. A sugar testing by the polariscope at 75 degrees is worth 86c. per 100 lbs., and 50c. duty represents 58 per cent. Sugar testing 96 degrees is worth \$2.27 per 100 lbs.; 50c. duty represents 22 per cent, as against 58 per cent on the lower grade. I do not pretend that we can have absolute equality in these matters, but it will be admitted that the system of levying duties operates unequally. We had for some years in Canada the polariscope test, and I learn from the customs authorities and from all whom I have asked information, that it worked very well. Then for several years raw sugar was free. In 1895,  $\frac{1}{2}$ ¢. pound was levied. I am not informed, of course, as to what was in the mind of the hon. member for York (Mr. Foster) when he levied it. It was probably levied in a hurry without much thought being given to it, and it has operated unfairly. The duty was a small one and I can readily understand that one might imagine that there could not be very much inequality in applying it. But experience has shown that even with half a cent a pound there is inequality of duty against sugars of the lower grades, and a considerable quantity of the West India sugars is not of high grade.

When we deal with food products generally, it is not desirable to encourage low grades, and for that reason a specific duty on food is advocated by some hon. gentlemen who do not believe in specific duties in other cases; but I call attention to the fact that raw sugar, especially of low grades, is not a food, and is not likely to be eaten. Raw sugar is a raw material which only becomes a food after it is refined, and therefore we have no particular desire to legislate against it. Inasmuch as there is a considerable quantity of low grade sugar, not so low as 75 degrees, out of moderately low grades, on the market, it is not the business of Canada to turn away the trade which this sugar offers. While our tariff is operating in that way, the tariff of the United States is graduated so as to encourage the trade in these low grade sugars. They have adopted the polariscope test and the effect is to establish a graduated scale of duties whereby low grades pay in proportion to their value. The polariscope system is practically under another name an ad valorem duty; low grade sugar pays its pro-

portion and high grade pays according to its value.

We therefore propose to return to the polariscope system used in Canada so successfully a few years ago. We propose to begin at the limit of 75 degrees by polariscope test and charge for that degree or anything below it a duty of 40c. per 100 lbs., and we add 1 $\frac{1}{2}$ ¢. for each additional degree. The average test of raw sugar used in Canada to-day is so far as we can obtain information, 92 degrees by the polariscope. That information comes from the refiners, who possess the best knowledge; one gave 91 $\frac{1}{2}$  and the other 92 degrees. Assuming that to be the correct average, and applying our new scale of duties to the present consumption of sugar in Canada, we find that on 92-degree sugar the duty will be 65 $\frac{1}{2}$ ¢. per 100 lbs., as against 50c. per 100 lbs. under the present tariff.

In the early part of my remarks, I stated that in consequence of the reduction we are obliged to make in duties on British imports after 1st July, and to maintain our finances in a strong condition, we want to make some material additions to our revenue in some other quarters, and we propose to do it in the way of making a small increase in the duties on sugar, although the duties we propose will be very much less than those which prevailed in Canada a few years ago. At 92, if we take that as proper standard, the duty shall be 65 $\frac{1}{2}$  cents per 100 pounds. But there must be considered in that connection the preferential tariff to which I have referred, and which will take effect as regards the West India sugar after the 1st day of August next. If we apply that preferential tariff to the 65 $\frac{1}{2}$  cents per 100 pounds, the quarter of it under the preferential rate will be 16 37-50ths, which will leave the preferential rate at 49 1-8 cents as against the existing rate of 50 cents per 100 pounds. That is to say, upon so much of our sugar consumption as we may be able to obtain from the British West Indies under the new order of things there will be no increase, but on the contrary there will be a slight reduction of duty, it being—if the average as given to me is correct—49 $\frac{1}{8}$  as against 50 in the present tariff. But as respects that portion of the sugar which may not come from the West Indies, but which may come from other countries there will of course be the small increase I have mentioned.

**MR. WALLACE.** It must be the production of the West Indies; not only sent from there but produced there.

**THE MINISTER OF FINANCE.** Oh, yes; certainly. In the case of fractions of a degree we propose that where a fraction is five-tenths or less it shall not count, but where it is more than five-tenths it shall count as a degree, so that for the purpose of revenue we will have no fractions, not

even to the extent of half a degree.

The effect of this upon the revenue is a very difficult question to deal with and we can only guess at it. It depends entirely upon how much sugar may come in under the preferential rate. Upon all sugar that may come in from the West Indies under the preferential rate we will receive no increase whatever, but will receive a little less duty than under the present tariff; but for whatever may come in from other countries we will receive an increase to the extent of 15½ cents per 100 pounds. We think it will give us a moderate amount of revenue. One can only guess at how much revenue it will give, because we have no means of knowing as to what proportion of West India sugar will be drawn into our markets by this arrangement. Our hope and desire is that we shall largely increase the consumption of West Indies sugar. As I mentioned a moment ago, our consumption of sugar is 330,000,000 pounds out of which we receive at present only 25,500,000 pounds from the British West Indies and British Guiana, but we trust that the effect of this arrangement may be to largely increase that. If our anticipations in that respect are realized we will of course get no increase of duty from that source but will actually get a little less. However, upon so much of the sugar as may not come from the West Indies, we will get an increase to the extent of 15½ cents per 100 pounds.

With respect to the duty on refined sugar, we propose to apply the polariscope to that also. In the case of raw sugar we take as our starting point 75 degrees, but in the case of refined sugar we take as a matter of course a higher starting point.

We propose that the duty on refined sugar shall be \$1.08 cents per 100 pounds on sugar testing 88 degrees, or anything below that; and for every additional degree there will be 1¼ cents per 100 pounds added, just as in the case of the duty on raw sugar. On what is called yellow sugar testing 88 degrees, the increase of duty under this arrangement will be 8 cents per 100 pounds; although the increased duty on the raw material, or so much of it as may come from other countries than the West Indies, will be considerably in excess. If you start at \$1.08 for 88 degrees, and if you add 1¼ cents for each degree, you will find that the granulated at 99½ will bear a duty of \$1.24½ per 100 pounds as against the \$1 duty of the present day. That is to say, the increase of the duty on the refined sugar will vary from one-twelfth of a cent per pound on the yellow or soft sugars, running up on granulated as high as 24½ cents per 100 pounds, or practically on the higher and more valuable sugar an increase of a quarter of a cent per pound; while in the case of the cheaper refined sugars the increase will

be about 8 cents per 100 pounds and upwards.

I have now explained all the tariff changes which we propose to make. I want now to read, with your permission, Sir, the new preferential section and schedule:

"That it is expedient to provide that section seventeen of 'The Customs Tariff, 1897,' shall be repealed on and after the first day of August in the present year, one thousand eight hundred and ninety-eight, and that the following section shall be substituted therefor:—

"17. Articles which are the growth, produce or manufacture of any of the following countries may, when imported direct into Canada from any of such countries, be entered for duty or taken out of warehouse for consumption in Canada at the reduced rate of duty provided in the British preferential tariff, set forth in Schedule 'D' to this Act:—

(a). The United Kingdom of Great Britain and Ireland.

(b). The British Colony of Bermuda.

(c). The British Colonies commonly called the British West Indies, including the following:—

The Bahamas.

Jamaica.

Turks Island and the Caicos Island.

The Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat, and the Virgin Islands).

The Windward Islands (Grenada, St. Vincent and St. Lucia).

Barbadoes.

Trinidad and Tobago.

British Guiana.

These colonies are admitted specifically without regard to any reciprocal conditions.

(d). Any other British colony or possession the customs tariff of which, on the whole, is as favourable to Canada as the British preferential tariff herein referred to is to such colony or possession.

"Provided, however, that manufactured articles to be admitted under such preferential tariff shall be bona fide the manufacture of a country or countries entitled to the benefits of such tariff and that such benefits shall not extend to the importation of articles into the production of which there has not entered a substantial portion of the labour of such countries. Any question that may arise as to any article being entitled to such benefits shall be decided by the Minister of Customs, whose decision shall be final.

"2. The Minister of Customs, with the approval of the Governor in Council, shall determine what British colonies or possessions shall be entitled to the benefits of the preferential tariff under clause (d) of this section.

"3. The Minister of Customs may, with

"the approval of the Governor in Council, make such regulations as may be deemed necessary for carrying out the intention of this section."

You will see, Sir, that under the arrangement proposed we admit by name the products of Great Britain and the products of the British colonies in the West Indies; and then we have a general clause whereby we may admit the products of any other British colony the tariff conditions of which are deemed to be favourable to Canada. Under that clause we will admit at once the products of New South Wales and the products of British India; and if the tariffs of any other colonies are or shall be made favourable and satisfactory to Canada, the same benefit may be extended to them. I shall move:

"That it is expedient to provide that Schedule "D" to "The Customs Tariff, 1897," shall be repealed on and after the first day of August in the present year, one thousand eight hundred and ninety-eight, and that the following schedule shall be substituted therefor:—

#### SCHEDULE "D."

##### British Preferential Tariff.

"On articles the growth, produce or manufacture of the United Kingdom of Great Britain and Ireland, or of any British colony or possession entitled to the benefits of this preferential tariff under section seventeen, the duties mentioned in Schedule "A" shall be reduced as follows:

"The reduction shall be one-fourth of the duty mentioned in Schedule "A," and the duty to be levied, collected and paid shall be three-fourths of the duty mentioned in Schedule "A."

"Provided, however, that this reduction shall not apply to any of the following articles, and that such articles shall in all cases be subject to the duties mentioned in Schedule "A," viz.:—wines, malt liquors, spirits, spirituous liquors, liquid medicines and articles containing alcohol; tobacco, cigars and cigarettes.

"Provided further, that the reduction shall only apply to refined sugar when evidence satisfactory to the Minister of Customs is furnished that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies or possessions."

That is to say, that inasmuch as we would not admit foreign sugar in its raw state under our preferential tariff, we will not admit the refined sugar made from that raw sugar; but if any sugar is refined in countries entitled to the benefit of this preference, from sugar grown not only in the West Indies, but anywhere in the British possessions, that refined sugar shall be admitted into Canada on the terms of the preferential tariff.

As we look back, Mr. Speaker, on the events of the past year, we have much cause for gratification, and when we turn to the future we find it bright and encouraging. The signs that meet us everywhere in Canada are those of peace, progress, and prosperity. The one question which seriously threatened the harmony of our people and the good-will which should prevail between our citizens of different creeds—a question which a few months ago was a burning one and a cause of great anxiety—has been so happily settled that now it is scarcely mentioned. At no time in the history of the Dominion have the people been more united, more harmonious, and more hopeful and confident respecting the future of our country. In the centres of manufactures, trade and commerce, there is an activity which tells of confidence in the present and in the future. The great agricultural interests, which are the foundation of our country's prosperity, are on a better footing than for many years past. Encouraged to produce not only for the home markets but for the markets of the world, our farmers everywhere are applying themselves to their work with intelligence and skill. The ships which have come to our seaports during the past year, are insufficient to carry the increasing volume of commerce, and the shipwrights of the world are busy in constructing new vessels for this trade. Our long delayed canal enlargements are being pressed forward to early completion, and give promise of affording increased facilities for the transportation of the products of the great west to our shipping ports. Railway enterprises east and west are actively assisting in the good work. The fishermen of our Atlantic and Pacific coasts continue to reap the rich harvest of the sea. In all directions we find an extraordinary development of the mineral wealth of the Dominion. The powerful magnet of gold, which is found in several quarters of the Dominion, is doing much to attract capital and population. The new mines in the province of Ontario give promise of great development and profit. In the east, the mines of Nova Scotia, which have been working with considerable success for many years, are to-day giving most satisfactory results, and new discoveries are constantly being made. In the west, the province of British Columbia is steadily growing in fame as a rich mining country. The northern regions of our Dominion, which were long regarded as of little value, have become sources of boundless wealth. A few years ago, as I sat at the breakfast table in a Paris hotel, I was addressed by a neighbour, of whose nationality there could be no doubt. "Sir," he said, "from what part of our little Republic might you be?" I answered that I was not from his "little Republic" but from the greater one to the north. My friend was puzzled for a moment, and I had to remind him that the great-



as part of the North American Continent did not belong to his "little Republic," but was under the British flag. "Well, Sir," he said triumphantly, "we do not claim to own the ice house." These great northern regions, which my American friend described so contemptuously as "the ice house," are to-day counted among the famous lands of the world. The "Yukon" and "Klondike" are world-wide names, and the land through which these rivers run is attracting to itself many thousands of people from the great centres of civilization. In nearly every department of industry in Canada there is activity and confidence.

We are not foolish enough to claim that all this has been brought about by our policy, although we are well aware that if the results had been the reverse, the blame, justly or unjustly, would have rested upon our shoulders. We are well aware, and we gratefully recognise the fact, that the prosperity that has come to Canada is due to the liberality of a kind Providence in giving us a bountiful harvest. One thing we do claim, and all we claim, as respects our policy, is that so far as legislative measures may help to encourage and strengthen a people, such has been the result of the action we have taken. Against the representations of our opponents we place the record of the past year, and the judgment of the Empire at large. Never was a tariff policy submitted to Parliament, which was received with greater satisfaction by the people of Canada, than that which was announced a year ago. Never in the history of the British colonies was a measure proposed which in so large a degree commanded the interest and received the approval of Great and Greater Britain. It was hailed with joy by the friends of British Imperial unity in every land. It was commended by Her Majesty in her speech from the Throne in the Parliament at Westminster. It was the subject of thousands of articles of the most commendatory character, in the British and colonial press. Rudyard Kipling, the poet of the Empire, was quick to feel the wave of sentiment that passed over Great Britain, and within a few hours from the announcement of the tariff, he embalmed the subject in spirited lines which will live in the history of Canada, and which, even if, as some have thought, they may convey inaccurate impressions as to the coldness of our climate, will nevertheless tell to every reader that in 1897 the heart of "Our Lady of the Snows" was full of warmth and devotion to the interests of the Empire. British statesmen, both publicly and privately, expressed their satisfaction with Canada's action. The Colonial Secretary, the Right Hon. Mr. Chamberlain, in an official despatch to His Excellency the Governor General, which I shall place on the Table—a despatch communicating the decision of Her Majesty's Ministers respecting

the effect of the Belgian and German treaties—used some words which I may properly quote here:

"I desire," said Mr. Chamberlain, "to add, in conclusion, that the action of the Dominion Government and Parliament in this matter, although, unfortunately, its full effect will be temporarily postponed, has been warmly welcomed and appreciated by Her Majesty's Government and the people of this country, as a measure which cannot fail to result in material benefit to the mother country and to Canada, and to weld together still more firmly the ties which now unite them."

Sir, the policy which Her Majesty's Government so warmly commended, was a policy designed to establish preferential trade between Canada and the mother country. To-day we submit a proposal which enlarges the sphere of that preferential trade. To-day we propose to include within its benefits a large group of British colonies, the affairs of which are at this moment a cause of much anxiety to Her Majesty's Government. Thus step by step the good work goes on. One step remains to be taken, and I believe the day is not far distant when we shall be able to take it—a step which will extend the benefits of the preference, not only to Great Britain and the colonies which we have now included, but to every colony and possession of the Empire.

The following are the resolutions:—

"1. That it is expedient to repeal section six of 'The Customs Tariff, 1897,' and to substitute the following section therefor:—

"6. The importation into Canada of any goods enumerated, described or referred to in Schedule 'C' to this Act is prohibited; and any such goods imported shall thereupon become forfeited to the Crown and may be destroyed or otherwise dealt with as the Minister of Customs may direct; and any person importing any such prohibited goods, or causing or permitting them to be imported, shall for each offence incur a penalty not exceeding two hundred dollars.

"2. That it is expedient to provide that section seventeen of 'The Customs Tariff, 1897,' shall be repealed on and after the first day of August in the present year, one thousand eight hundred and ninety-eight, and that the following section shall be substituted therefor:—

"17. Articles which are the growth, produce or manufacture of any of the following countries may, when imported direct into Canada from any of such countries, be entered for duty or taken out of warehouse for consumption in Canada at the reduced rate of duty provided in the British preferential tariff set forth in Schedule 'D' to this Act:—

(a). The United Kingdom of Great Britain and Ireland.

(b). The British Colony of Bermuda.

(c). The British Colonies commonly called the British West Indies, including the following:—

The Bahamas.

Jamaica.

Turks Island and the Caicos Islands.

The Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat, and the Virgin Islands).

The Windward Islands (Grenada, St. Vincent and St. Lucia).

Barbadoes.

Trinidad and Tobago.

British Guiana.

(d). Any other British Colony or possession the customs tariff of which, on the whole, is as favourable to Canada as the British preferential tariff herein referred to is to such colony or possession.

"Provided, however, that manufactured articles to be admitted under such preferential tariff shall be bona fide the manufactures of a country or countries entitled to the benefits of such tariff, and that such benefits shall not extend to the importation of articles into the production of which there has not entered a substantial portion of the labour of such countries. Any question that may arise as to any articles being entitled to such benefits shall be decided by the Minister of Customs, whose decision shall be final.

"2. The Minister of Customs, with the approval of the Governor in Council, shall determine what British colonies or possessions shall be entitled to the benefits of the preferential tariff under clause (d) of this section.

"3. The Minister of Customs may, with the approval of the Governor in Council, make such regulations as may be deemed necessary for carrying out the intention of this section.

"4. That it is expedient to provide that Schedule "D" to "The Customs Tariff, 1897," shall be repealed on and after the first day of August in the present year, one thousand eight hundred and ninety-eight, and that the following schedule shall be substituted therefor:—

#### SCHEDULE "D."

##### British Preferential Tariff.

"On articles the growth, produce or manufacture of the United Kingdom of Great Britain and Ireland, or of any British colony or possession entitled to the benefits of this preferential tariff under section seventeen, the duties mentioned in Schedule "A" shall be reduced as follows:—The reduction shall be one-fourth of the duty mentioned in Schedule "A," and the duty to be levied, collected and paid shall

"be three-fourths of the duty mentioned in Schedule "A."

"Provided, however, that this reduction shall not apply to any of the following articles, and that such articles shall in all cases be subject to the duties mentioned in Schedule "A," viz.: wines, malt liquors, spirits, spirituous liquors, liquid medicines, and articles containing alcohol; tobaccos, cigars and cigarettes.

"Provided further that the reduction shall apply only to refined sugar when evidence satisfactory to the Minister of Customs is furnished that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies or possessions.

"5. That it is expedient to repeal items 435 and 436 of schedule "A" to "The Customs Tariff, 1897," and to substitute the following therefor:—

435. All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades, or standards, testing not more than eighty-eight degrees by the polariscope one dollar and eight cents per one hundred pounds, and for each additional degree one and one-half cents per one hundred pounds. Fractions of five-tenths of a degree less not to be subject to duty, and fractions of more than five-tenths to be dutiable as a degree.

436. Sugar, n.e.s., not above number sixteen Dutch standard in colour, sugar drainings or pumpings drained in transit, melado or concentrated melado, tank bottoms and sugar concrete, testing not more than seventy-five degrees by the polariscope, forty cents per one hundred pounds, and for each additional degree one and one-half cents per one hundred pounds. Fractions of five-tenths of a degree or less not to be subject to duty, and fractions of more than five-tenths to be dutiable as a degree. The usual packages in which imported to be free.

"6. That it is expedient to provide that items 445 and 446 of Schedule "A" to "The Customs Tariff Act, 1897," shall be repealed on and after the first day of July in the present year, one thousand eight hundred and ninety-eight.

"7. That it is expedient to provide that on and after the first day of July, in the present year, one thousand eight hundred and ninety-eight, the following items shall be added to Schedule "B" to "The Customs Tariff, 1897":—

"436. Tobacco, unmanufactured, for excise purposes, under conditions of the Island Revenue Act.

"8. That it is expedient to provide that

"on and after the first day of July, in the present year, one thousand eight hundred and ninety-eight, in addition to the excise duties at present levied on manufactured tobacco, cigars and cigarettes, there shall be levied and collected the following excise duties, that is to say :—

"(a). On all foreign raw leaf tobacco, unstemmed, taken out of warehouse for manufacture, in any cigar or tobacco manufactory, ten cents per pound.

"(b.) On all foreign raw leaf tobacco, stemmed, taken out of warehouse for manufacture, in any cigar or tobacco manufactory, fourteen cents per pound.

"Provided that the weight upon which such duty shall be computed shall be with reference to the standard mentioned in paragraph (c) of section 247 of the Inland Revenue Act."

Sir CHARLES HIBBERT TUPPER. I have been asked by the hon. member for York (Mr. Foster) who is suffering from rather severe indisposition, to move the adjournment of the debate. I have already mentioned the subject to the hon. gentleman who is leading the Government, and he has been kind enough to agree to this

course being taken, as for obvious reasons it would be inconvenient to break the order of debate which usually takes place when the ex-Finance Minister discusses the features of the Budget as exposed by the Minister of Finance. In his behalf, I beg to move the adjournment of the debate.

The MINISTER OF TRADE AND COMMERCE (Sir Richard Cartwright). There is no objection to this motion. We regret the cause very much, we regret the indisposition of the hon. member, but as arranged with my hon. friend, there will be no objection to adjourning the debate.

Motion agreed to, and debate adjourned.

The MINISTER OF TRADE AND COMMERCE (Sir Richard Cartwright). I suppose if my hon. friends opposite have received as much information as they can very well digest, even though it may have been somewhat sweetened by the concluding paragraphs of my hon. friend's speech, and under those circumstances I would best consult their wishes and the views of my friends behind me by moving that the House do now adjourn.

Motion agreed to, and the House adjourned at 9.30 p.m.

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## SPEECH

OF

## SIR RICHARD CARTWRIGHT

MINISTER OF TRADE AND COMMERCE

OTTAWA, 12TH APRIL, 1898.

The MINISTER OF TRADE AND COMMERCE (Sir Richard Cartwright). Mr. Speaker, if my hon. friend's arithmetic is in other respects as faulty as in the computation he makes of the number of years we have been in office, I am afraid he has a good deal to learn. I beg to inform him that twenty months of office do not by any system of arithmetic that is known to me, equal two and a half years, though I can well believe that the twenty months have seemed as long as thirty to my hon. friend.

Now, Sir, it has been remarked by persons who take an interest in that kind of thing that there are few sights dearer to gods and men than to see good men struggle with adversity.

I am bound to say that I, like a noted Scotch divine, feel a little compassion even for a naughty man under similar circumstances. My hon. friend, I think, will in future bear in mind that it is wise not to prophesy before he knows, and he undoubtedly did indulge, two years ago, in various prophecies as to the results of the Government policy, which have hardly been fulfilled by the actual issue of events. Sir, I think the hon. gentleman might learn, by this time, that it is folly to struggle with manifest facts. He does not deny—and so far I do not find fault with him—the fact of manifest prosperity, the signs of which meet us on every side; and it is equally idle for him, under any pretext whatever, to deny the significance of the political gain which Canada has made within the last year under the guidance of my right hon. friend, and most particularly in the reception which our trade proposals met with at the hands, not merely of the English Government, but of the English nation at large. Sir, I could not but feel how grievously the tables had been turned upon my hon. friend, when I heard the hon. the Minister of Finance go over, one by one, all these various indicia of prosperity, to which, in former times, he had been wont to point as incontrovertible evidences of the goodness of their policy.

Now, Sir, I do not take it for granted that

the increases of savings deposits are inevitably a proof of the great prosperity of the country at large, nor yet the bank deposits, nor yet the circulation, nor yet any of these matters. What I have said before, and what I repeat now, is this: They are all good, and very good, so far as they go. I never denied that, so far as they went, they were good indications of prosperity; but I pointed out then, and I point out now, that there are other far more important indications of prosperity which accompany these indicia to-day, and which were notably absent during the entire period of the administration of the hon. gentleman and his friends. It is good, it is very good, to see our savings bank deposits expand, to see our circulation expand, to see our exports and imports expand; but it is not so good when, as in his time, certain of those indications were accompanied by a marked diminution in the value of properties over an enormous area of the country, and, what I always esteemed a far more important matter, when they were accompanied by an enormous exodus of the best elements of our country. But, Sir, were it the case to-day, as it was then, that the people of Canada were flying from their country by tens of thousands, aye, and hundreds of thousands, I would not, as I do now, claim that these are proofs that a new era of prosperity had dawned upon her. Sir, I am happy to tell the hon. gentleman that circumstances have changed; I am happy to be able to tell him—and I have not the slightest doubt that the approaching census will confirm, in the highest degree, all that we state here to-day—that, at long last, after eighteen years of misgovernment, the tide has turned, that Canadians are now remaining in their own country, and that we are not likely again to see the miserable spectacle which his own province exhibited to the world, when, in 1891, it turned out that the total growth of the great province of New Brunswick, with room and space enough to accommodate twice or thrice its present population, was, I think, some 82, all told. Now,



I would ask the hon. gentleman, why he cannot quietly accept the present situation? I am not going to dispute with him the fact that luck has been on our side to a very considerable extent during the last year or two. I remember the time when times were not so prosperous for the Liberal party; I remember the times when none were more forward than the hon. gentleman who sits immediately opposite to me (Sir Charles Tupper) in denouncing the Liberal party because of a world-wide depression, which affected all the other countries with which we had any acquaintance or knowledge, infinitely more than it did Canada.

But what I more particularly wish to call the attention of the House to is the new role of economist in which my hon. friend appears. He is very grievously alarmed at the extravagance which distinguishes the present Administration, and, very early in his speech, I perceived that he made a very special charge against us, that we had added \$1,400,000 to his last year's expenditure, and that, in this identical year, we were about to add \$1,800,000 to his last year's expenditure. Now, Sir, I like to see an honest statement made, particularly by an hon. gentleman in his position; I like to see an honest statement made of what the actual comparison should be between his last year's expenditure, and our expenditure for the present time, and I think, when I get through with the matter, the House will be convinced of this one thing, that, whatever other merits the hon. gentleman may claim for himself, that of making an honest statement of the actual state of affairs in the last three or four years, is one to which he can lay very little claim. I believe it is quite true, that the hon. gentleman, in the year 1896, had gone out of office with an expenditure of \$37,000,000, in round numbers. But it is not true, that the hon. gentleman had effected any permanent saving or reduction on the expenditure of the preceding year, which for 1895 amounted to \$38,200,900, in round numbers. Sir, I hope my hon. friends will bear this fact in mind; I hope my hon. friends will take care, whenever appeal is made to the last year of the hon. gentleman's expenditure, to call the attention of their audience to the fact that, if ever there was a case of colossal cooking, it was the cooking that was practiced by that hon. gentleman for obvious party reasons. In the year 1896, he made no permanent saving, he made no genuine reduction of the public expenditure. What he did was to throw over a million or more of expenditure properly belonging to that year, 1896, on to the shoulders of the year 1897. He did it for obvious party purpose; he did it, foreseeing that, in view of the perilous position in which the rest of traitors found themselves, the country was extremely likely to express an unfavourable opinion of men

who did not respect the obligations imposed upon public men of holding up a high standard of public faith. He took all the care he could, so to arrange his accounts that he might appear to make a reduction, no matter at what cost or at what risk of demoralising the public service. The methods he adopted were mainly these two: He totally neglected to call out the militia and give them any exercise in the various camps, thereby rendering almost the whole of the expenditure for the year for militia purposes absolutely useless; and in the case of public works, in like manner, he deliberately cut down the necessary expenditure, with the effect, as my hon. friend can show him, of involving for the succeeding year a great deal of additional and unnecessary expenditure, by reason of the parsimony—no, I cannot call it by so honourable a term, but by reason of the most improper reductions which he made in the service of that year. What would any railway company, having a similar income, say of a manager who came forward and claimed that he had made a reduction of \$1,400,000 in expenses for a particular year, when it was shown in the preceding year he had spent almost precisely the same sum that was required to be expended for the succeeding year, and when, what is more, his own estimates, now in my hands, show distinctly that so far from effecting any permanent reduction, he contemplated in his first original estimate an expenditure of \$38,359,000 for 1897. Sir, I say the hon. gentleman has no right whatever to come before this House and contend that the expenditure actually incurred in 1896 was in any shape or form a true proof of the extent to which he had reduced the expenditure. His real year with which comparison should be made is either the actual ascertained expenditure of 1895, which amounted to \$38,200,000; or his own original Estimates, I will not charge him now with the Supplementary Estimates for that year, for the year 1896-97, which I have under my hand. And if the hon. gentleman wants to make comparisons with the Estimates now submitted by my hon. friend the Finance Minister, I am prepared to show him, and I shall be prepared to show this House after six o'clock, that for the identical services for which that hon. gentleman demanded \$38,359,000, my hon. friend is asking less than \$38,000,000. All the rest and excess I propose to show the House, is incurred for services and for purposes which will probably return into the treasury quite as much as we take out of it, but for which there was no shadow of equivalent in the Estimates brought down by that hon. gentleman. As it will take a little time to go into that comparison, and it is hardly worth while to repeat it after recess, I shall be obliged if you, Mr. Speaker, will call it six o'clock.

It being six o'clock, the Speaker left the Chair.

#### AFTER RECESS.

**THE MINISTER OF TRADE AND COMMERCE.** Mr. Speaker, when the House rose, I had been calling attention to the statement made by the hon. member for York (Mr. Foster), and on which, as the House will have observed, a very large portion of his whole speech depended, that the present Government had been guilty, as compared with himself and his fellow-Ministers, of very great extravagance in the actual expenditures and Estimates for the years 1897, 1898 and 1899; and the hon. gentleman, as the House will remember, based that statement on the fact that he had succeeded, as he stated, in reducing the expenditure for consolidated fund account to \$37,000,000 for the year 1896. Sir, if that reduction had been a genuine, bona fide reduction, if it had been one which the hon. gentleman or his friends beside him had the smallest ground for stating was a permanent reduction, I would have given him credit for it, and I would have felt that the present Government were called upon to enter into a very minute explanation of the causes which had compelled them to increase that sum. But when we examine the facts, we find a very reliable state of things. We find that in 1895, when the hon. gentleman had no particular reason for in any way taking action so as to specially adjust his accounts, he expended \$38,132,000. We find that for the succeeding year, 1897, in the first Estimate brought down by that hon. gentleman, and I need not tell the House, for the matter was explained to hon. members time and again, that the hon. gentleman had actually under consideration Supplementary Estimates which would have involved an additional charge of several millions—we find that the hon. gentleman brought down in his first and primary Estimate, charged under Consolidated Fund for the year 1897, no less than \$38,359,000. Under these circumstances, I am justified in stating to the House and stating to the country that the expenditure of 1896 was purely illusory, that it was not a genuine substantial reduction, but it was, as I have already stated, a deliberate case of cooking the accounts by causing large amounts which belonged properly to 1896 to be transferred for political purposes and made a charge on the succeeding years, notably in regard to two large items, militia and public works. The House will recollect the hon. gentleman stated that in 1897 we expended \$1,400,000 more than he did during the last year of his administration; that in 1898, the present year, we propose to expend \$1,800,000 more than he expended in his last year; that for 1899 we propose to expend \$2,500,000 more than he expended in 1896. Sir, I propose to show to the House

that the actual expenditure made by the Finance Minister for 1897 was somewhat less, not much, than the first Estimate for that year laid on the Table of the House by the hon. member for York. I propose to show the House that, deducting certain expenditures for which there is no counterpart, the expenditure of the present year would barely equal the sum that he demanded for the services in 1897; and I further propose to show the House that for the services of 1899, the Estimates of which we are now discussing, the Finance Minister proposes for the selfsame services for which the hon. member for York estimated he would require \$38,359,000, to ask \$37,960,000. The remainder, as I will show to the House, is for services for which we may expect to receive a corresponding amount to put into the public treasury, and which had no counterpart whatever in 1897. The way to judge of the comparative economy of the two Governments is to judge of the charges for the selfsame series of services. If the Government have done wrong in asking for the additional amount, let them be judged on these additional amounts and let the House take into account the fact I have alluded to, namely, that with respect to these additional sums they have good grounds for believing the country will receive a return.

I will take, in the first instance, and after that I propose to go through the items in some little detail. I will take in the first instance the demands made by my hon. friend (Mr. Fielding) for 1899, and the demands made by the hon. member for York (Mr. Foster) in 1897. The House will remember that my hon. friend (Mr. Fielding) is now asking for \$39,125,000, in round numbers, for the services of 1899. In that \$39,125,000 are included these three items: First, for the rental of the Intercolonial road into Montreal, \$210,000, for which no corresponding sum whatever is to be found amongst the charges for 1897; next, a sum of \$396,000 for the services of the Yukon district, for which, I need not say, not one farthing is to be found of a corresponding character in the expenditure for 1897 as proposed by the hon. member for York; lastly, for the running expenses of the Intercolonial Railway as extended into Montreal, a further sum of \$560,000 for which there is no corresponding entry, making a sum total of \$1,166,000 for which we expect to receive a return.

**Sir CHARLES TUPPER.** How much did the hon. gentleman (Sir Richard Cartwright) say was for the extension of the Intercolonial into Montreal?

**THE MINISTER OF TRADE AND COMMERCE.** Five hundred and sixty thousand dollars extra is allowed for the expenses of that, including what is known as the Drummond County Branch. Now if hon. gentleman opposite will do me the favour to deduct \$1,166,000 from \$39,125,000 they will

see that after taking out these extra sums there remains \$87,959,000, being the sum required by my hon. friend (Mr. Fielding) for the selfsame identical services for which the hon. member for York (Mr. Foster) asked \$88,858,000 in 1896-97. Therefore, my hon. friend (Mr. Fielding) proposes to defray the expenses of the country, so far as regards these services, for \$400,000 less than the hon. member for York thought was necessary two years ago.

It is worth while remembering also that the country has not stood still during the last two years, that the population has increased very considerably, more rapidly, than it did during the period the hon. member for York was administering the Government. I believe, from all the evidence which has come to our hands; from the evidence as to the increased immigration; from the evidence as to the diminished exodus, which I regard as even of more importance; I believe that the actual fact of the case is, that for the selfsame services, with 200,000 people more in 1899 than in 1896-97, my hon. friend (Mr. Fielding), is asking for \$400,000 a year less. I again call the attention of the House to the fact that there is good reason for believing that the whole, or at any rate by far the greater part of that \$1,166,000 of extra expenditure, will be repaid into the treasury of this country in the shape of increased receipts from the Intercolonial Railway, and in the shape of increased receipts which we are even now receiving from the Yukon territory.

But, Sir, it is always well in these cases to go a little into detail. I have before me the Estimates laid on the Table of the House by the hon. member for York (Mr. Foster) for 1896-97, and here I may observe that doubtless owing to a clerical error the hon. gentleman (Mr. Foster) omitted a fixed charge of \$53,000 for a certain mail service under the heading of sums authorised by statute. The actual amount he demanded therefore was \$88,858,000, and not \$88,808,000 as is inaccurately put down. If the House will take the trouble to turn to the Estimates for 1899, and will compare them step by step, as far as may be with the Estimates laid on the Table by the hon. gentleman (Mr. Foster) in 1896, they will see how far he (Mr. Foster) is justified in asserting that our administration of the country is inferior in point of economy to the administration which he was prepared to give us had he been returned to office in 1896. Take the first item in the Estimates, I find that the hon. the Minister of Finance asks for charge of public debt, including sinking fund, a sum of \$12,858,000; and observe that our economical friend from York (Mr. Foster) two years ago, asked for that same service \$12,982,000, being a difference of \$124,000 in that item in favour of the present Ministry. I observe that on

charges of management he asked for \$165,000, and my hon. friend proposes to be content with \$152,000. In the item of civil government—that much disputed item—we ask for \$1,418,000, and my hon. friend from York (Mr. Foster), two years ago, thought it was necessary to demand \$1,449,000. I note that in the administration of justice there is a small increase. Certain additional judges have been demanded by the several provinces, and the expense of the administration of justice is therefore, not by any act of our own but by the act of these legislatures, increased \$14,000. The police service is the same in both years. Now I come to another point, which will perhaps contrast as well as any other our relative economy. We demand for the service of the penitentiaries \$417,000 for the year ending July, 1899. The hon. gentleman, in 1896-97, demanded \$481,000 for the same service. We demand for the services of the legislatures \$705,000, and I observe that the hon. gentleman seems to have demanded \$754,000. For arts, agriculture and statistics—and to this item I call the special attention of the House—we demand a much larger sum than my hon. friend did. We demand \$822,000, but with respect to that item I have to say this. If the hon. gentleman from York (Mr. Foster), or any other of them, will choose to accept the gage which I have thrown down, and will choose to hold that the sums we are now appropriating for cold storage and for the development of agricultural pursuits in various directions are ill spent and will vote to reduce them, I shall be only too happy to undertake a discussion of that matter with them at any moment. In that matter which affects the well-being of the greatest class in the country, we are much more generous than our predecessors, but nevertheless we make savings in other respects, which will very much more than compensate for that increase. I observe that for the services of the militia, the next large item, the demand for 1899 \$1,397,000. I am not condemning him for it, that the hon. gentleman in 1897 thought that \$1,478,000 was the least that he could get along with, which shows a considerable difference in favour of the present Government. I observe that on public works we demand \$1,850,000, and the late Government demanded \$1,576,000, being an increase on our part; and I have no doubt my hon. friend beside me (Mr. Farte) will be perfectly able to give an excellent explanation of the reasons which require this vote. Now, a very large proportion of the remainder consists of what are known as fixed charges—charges for collection of revenue. I shall not weary the House by going through those in detail, but I repeat this fact, that for the identical class of services for which we ask a little less than \$38,000,000, the hon. gentleman thought it necessary, three years ago, on a population of nearly one-quarter of a million less, to de-

mand for thing like \$88,359,000. Under those circumstances, it hardly becomes the hon. gentleman to speak too highly of the economies which he effected. Had these economies been effected by any genuine reduction in the expenditure, I would give him credit for them, but when we come to examine and see that they were effected by such means as refusing to drill our militia during an entire year, and by such other expedients as reducing the expenditure of public works to a sum \$400,000 below what the hon. gentleman himself expended during the preceding five or six years, and generally in such a fashion as compelled the present Minister of Public Works, the moment he came into office, in order to avert great public injury, to expensive and costly public works, to incur large additional expense. I do submit that there is no just cause whatever for the claim of the hon. gentleman, that, because, under such circumstances, he did force the reduction to \$87,000,000 in 1896; he is therefore entitled to claim that he and his Government had really reduced the expenditure to that point. They are to be judged by their actual expenditure in a year when they had no temptation to curtail the expenditure improperly; they are to be judged by the estimates they themselves brought down for the service of 1896-97. I turn now from that to another important portion of the hon. gentleman's speech, and here I confess I was rather disappointed at the mode in which he handled the subject. He took a very great deal of exception to the reduction made by my hon. friend beside me in the rate of interest payable on Government savings bank deposits. That is a question on which there is a very considerable deal to be said on both sides, and I hoped that a man of his experience and occupying his position, and who himself had occasion to reduce the interest on savings bank deposits, would have put the House in full possession of the actual state of the case, and have given something like a fair resume of the true position and of the causes which operated in inducing my hon. friend to make this somewhat large reduction in the rate of interest. The hon. gentleman spent a great deal of time in denouncing the Government because, as he said, we were reducing the rate at the expense of the small savers. He must have had in his possession or have had access to certain facts respecting the savings banks, which I myself caused to be brought down in a return to this House, some three or four years ago, and I may say here that the facts to-day are substantially as they were then, or, if anything, rather bear out our pretension more to-day than they did then. To listen to the hon. gentleman one would suppose that the whole \$50,000,000 now invested in the Government savings banks were held by small savers, poor people to whom it is a matter of very great moment indeed that they should re-

ceive a small additional return; and the hon. gentleman waxed warm and eloquent in depicting the injury to the cause of thrift which would be inflicted if we disturbed the rate of interest. It may be interesting to the House to know that at present, of those \$50,000,000 on deposit in the Government savings banks, something like two-thirds of the whole are held by rather less than 'one-sixth of the depositors. It may be interesting to the House to know that in 1894 something like \$25,800,000 of the then deposits, which amounted to about forty million dollars were held by 26,000 depositors, being as nearly as may be an average of one thousand dollars per head. Now, I do not think that men who are able, on an average, to deposit a thousand dollars per head, can be regarded as people deserving the paternal care of this Government. For the smaller depositors a great deal more may be said, but the smaller depositors at that time averaged something like \$100 apiece, and no more. The larger depositors, as I have stated, those of \$500 and upwards, had an average of \$1,000; the smaller depositors had an average of very little over \$100. I have no doubt that, if it were possible for my hon. friend to have done so, he would have been very glad indeed to have divided this matter, and very glad indeed to have so arranged it that the small depositors, if possible, should have received a larger indulgence at the hands of the Government than he thought was fairly due to the persons who held the greater part of these deposits. But here again I have a little to complain of with regard to the hon. member for York. As a Finance Minister of some years' standing, he knew perfectly well when he stated that we were paying 2½ per cent to money-lenders in Europe and only 2¼ to the depositors of this country, and consequently that the depositors were docked ½ of 1 per cent., that he omitted the material fact that the people of Canada have to contribute a considerable additional sum for the management of those savings banks. It is not the truth to say that we went out of our way to give 2¼ per cent. to English money-lenders, all expenses paid, while we reduced the rate to these people to 2½ per cent., because, as a matter of fact, the actual cost of management, raises the cost to us of the money we borrow of these people to 2½, at any rate to 2½ per cent. But there are other considerations which the hon. gentleman I think should, in all justice, have presented to the House in considering this disputed question. I think he ought to have told the House, what is obvious to every man of experience, that you cannot fairly compare the rate of interest which is obtained by parties who are entitled to withdraw their money at an hour's notice, or a few days' notice, with the rate of interest obtainable on loans having a period of years to run. Which of us, as a business man, would, if he were a



business man, pay the same interest on a sum withdrawable at call as for money which was allowed to remain in his hands for fifty years? That is a point, I think, that the hon. gentleman ought to have considered well before he chose to make use of his position to stir up the minds of the people against the Government for a policy which, as I shall presently show, is likely to result in advantage to a large part of the community. More than that, the hon. gentleman knows perfectly well, and if he does not, there is no banker of standing but could have explained the matter to him, that in the last resort, the rate of interest all through this country depended upon the interest paid by the banks and the Government for money on call. That is so plain a proposition that I am astonished that the hon. gentleman should have overlooked it. What follows? Why, this follows—that if you desire to see the interest on the farmers' mortgages lowered, if you wish to see the interest on money used for manufactures and by others engaged in various enterprises for the development of this country lowered, you must consent to a lowering of the rate of interest on deposits. Unfortunately, tied up as we are, involved as our affairs are, it is not possible for the banks which control the larger part of the deposits in Canada, to reduce the rate of interest on their deposits unless the Government will do so too. I point that out to show that there is more than one side to this question. Every man here knows from his own experience that the rate of interest on good security has fallen extremely in Canada within the last ten or twelve years. It is only a few months ago that it was my duty to make inquiries, on behalf of certain parties for whom I am trustee, of certain trusts societies in Toronto to know what rates of interest they would guarantee, and all I could obtain was a statement that if the money was left in their hands for a term of years, they would guarantee 4 per cent. I need not tell this House that municipal corporations and almost all corporations of good standing, are able to borrow money in the markets of the world, at considerably less than 4 per cent.—from 3 to 3½ per cent. I desire to point out that, while we wish, as far as we can, to encourage thrift, as the hon. gentleman said, to protect the interests of the smaller depositors, we are called upon to consider the interests of all classes, to consider the interests of the farmer, to consider the interests of those who are carrying on industrial enterprises in our midst. More than that, I say my hon. friend beside me would have been false to his trust to the people of Canada as a whole if he had consented to pay a small portion of them, except for extremely good cause, more than the average rate of interest at which money was borrowed by

the Government in the open market. I put it, under all these circumstances, whether any man could say that money on call, which could be taken out of the control of the Government on very short notice, is worth more than it costs the Government, that is, something like 2½ per cent. And I think those who know the difficulty of finding good investments, those who look at the rate paid on stocks by banks in good standing and similar classes of investments, will admit that even if the reduction to 2½ per cent. does appear and be, so far as a certain small section of the taxpayers are concerned, a measure attended with some hardships—and I do not deny that it may appear or be so—they must grant that the Government had a duty to consider, and I think they will admit that there is a great deal to be said for the policy adopted by my hon. friend, first, of saving a very large sum of money to the country at large, which, as the hon. member for York truly said, must otherwise be made up by increased taxation, and, second, taking a course which probably, in the long run and not at a very distant day, may contribute largely to reduce the rate of interests on mortgages and in all probability raise the price of farm land. I may add that I do not think it was a good sign of progress in Canada to see what I and others have witnessed—farms by the score put up at auction in country towns where, to my knowledge, a million and more of money was lying on deposit, without obtaining a bid. I do not think we shall see that again as often as in the past, at least I hope not. I hope that, under these circumstances, all fair-minded men will agree that, even if my hon. friend was forced by the exigencies of his position to reduce this rate somewhat faster than he would have liked to have done, he had ground in the general interest for pursuing the ground he took. Now, I might add to that this consideration, which I think is worthy of a little attention on the part of the House. I do not deny, I have never denied, that it would be a matter of very great moment, of very great interest, and worthy of some sacrifice, if the people of Canada could be induced to invest in Government securities permanently. If these fifty millions had been invested in a Canada 3 per cent. loan, I do not know that that would have been lightly disturbed by my hon. friend. If it had been invested in such a way that the money would not have been called upon at short notice, but invested for a term of years, shorter or longer, there would be a good deal to be said in favour of the argument of my hon. friend from York. But there is a wide distinction between borrowing money, as we are doing on call, which may be demanded from us at short notice, and borrowing money for terms of years, which is the best way that a Government can possibly borrow it.

That is a matter which might be very

fairly brought up for debate. I offer no opinion upon it, one way or another. But I do call attention to the fact that it is, by no means, of equal importance or interest to a community that it should be a borrower to a large amount from the people at call, as that it should have a large amount of the people's money invested in the permanent securities of the nation. Now, I observe that another charge brought by the hon. gentleman was, that we had absolutely and actually gained, I think he said \$1,200,000 more customs, and that we had done it under a reduced scale of taxation. I believe, Sir, that statement is true. I acknowledge the impeachment, I am proud of the crime, if crime it be, that we are getting more money, and we are getting it on a reduced scale of taxation. That is just exactly what we wanted to do. But I differ with my hon. friend on one point that he alluded to. He was pleased to declare that there was very little difference between the percentage on dutiable goods nowadays and the percentage on dutiable goods in former times, and he was good enough, I remember, to call attention to the fact that, during the year 1896-97, when, as he truly said, his own tariff system was in full swing—and on that I will have a word or two to say presently—there had not been any very appreciable reduction. I have here a statement of our principal dutiable imports entered for consumption during the first seven months of this year, and I call attention to the results. In the year 1897, which the hon. gentleman justly claims as his own, we appear to have imported \$86,800,000 worth of dutiable goods, upon which we received \$11,181,000. Apparently, the percentage on that amount, making the calculation roughly, amounts to something like 30.05. Now, for the first seven months of this year we appear to have received \$40,438,000 of dutiable goods, and we obtained for them \$11,932,000 duty. Well, Sir, on this \$11,932,000 the percentage would appear to be 29.50. There is, therefore, quite an appreciable reduction in the rate of duty which now prevails under our present tariff—not nearly as much as I could desire to see, but I may remind the House that a good many goods which were absolutely prohibited under the late tariff, are now being imported under rates prescribed by us, that go to swell our revenue, whereas, in former times, they were excluded altogether. That is one thing, I may remark incidentally, which renders these calculations of percentages rather apt to be misleading, when you are comparing a tariff framed in the main for revenue with a tariff in the main protective. If you exclude the goods altogether, there is no doubt you get a diminished apparent percentage, but at an enormous cost to the consumer. I would remind the House that the hon. gentlemen claim the full merit of the year 1896-97 as being the year in which their

policy culminated and bore its full fruits.

Now, I would like to call the attention of the House particularly to a number of the results of the policy of those hon. gentlemen from the year 1887 down to the present time. Sir, hon. gentlemen will recollect that our friends on the opposite side, in former times, had a monopoly of all the loyalty in this country.

Mr. TAYLOR. We have not got it all now.

The MINISTER OF TRADE AND COMMERCE. No, I think not. Well, Sir, these ultra-loyalists in 1887 imported something like 45 million dollars worth of goods from Great Britain; in 1888 they fell to 39 millions; in 1889 they rose to 42 millions; in 1890 they imported 43 millions; in 1891, 42 millions; in 1892, 41 millions; in 1893, 43 millions; in 1894, 39 millions; in 1895, 31 millions; in 1896, they imported 32 millions, and in the year in which, according to the hon. member for York, their policy had attained its full and perfect maturity, they imported 29 million dollars worth of goods from Great Britain. Now, in those ten years, you will observe, their imports from Great Britain had diminished by 15 million dollars. In that interval, although the population increased far more slowly than we could desire, we had added, in all probability, at least 500,000 to our population. So it follows that in ten years, such was the excellent effects of their policy that our imports from Great Britain in 1897 were 16 millions less than in 1887 on a population half a million smaller. But we made up for it in another direction, for I see that in 1887 they imported 45 million dollars worth of goods from the United States; in 1888 they imported 49 millions; in 1890, 50 millions; in 1891, 52 millions; in 1892, 53 millions; in 1894, 58 millions; in 1895, 54 millions; in 1896, 58 millions, and in 1897 they imported 61 million dollars worth. While they diminished their imports from Great Britain by 15 million dollars, they increased their imports from the United States by 15 millions in the same period of time. Now, it may be true, that the steps which have been taken to increase our trade with Great Britain may not have as swift an effect as we desire; still, there are reasons for it. During the period of eighteen years in which these hon. gentlemen have worked their wicked will, they have reduced our imports from Great Britain to the figures that I have read to the House, and we cannot be expected to reverse all that in an afternoon; but I have very little doubt that, when the next decade occurs, and when my hon. friends on this side—where I have no doubt they will still be—have the pleasure of dilating on those figures to an attentive House, they will be able to show that the current of trade has been reversed, and that they will then be importing a very much larger quantity of goods from Great Britain than ever before. Now, I know that percentages are odious. I

know they are very often unfair, and we have had experience of that time and again. But I will just call the attention of those economists to two or three patent facts pretty well known in history. The Liberal-Conservative economists became the custodians of the affairs of this country in 1867. In 1878, for reasons which I will not now stop to particularize, they were obliged to devote their talents to some other occupation. In the interval, however, they had added 11 million dollars a year to the annual expenditure of Canada. In 1878, Mr. Mackenzie assumed the reins of power, and in 1879 Mr. Mackenzie laid them down. He entered office with an expenditure of \$23,318,000, and he left it with an expenditure of \$23,519,000 or a difference of \$200,000. Those hon. gentlemen during eighteen years exercised their own will and pleasure. They began with an expenditure of \$23,500,000, and left off, as I have shown, with an estimated expenditure of \$28,500,000, an actual expenditure in 1895 of \$28,183,000. I cannot accept their statement for 1896, for the obvious reason I have given. But, Sir, it follows that the increased expenditure in those eighteen years amounted, giving them the most liberal construction possible, to close on \$14,000,000. Now, \$14,000,000 would represent interest on the sum of \$560,000,000, and this may be taken as the sum their administration during eighteen years has cost the country, estimating it by a reasonable and fair standard. I will not insist, however, too much on that point, because there are some little reductions that might be made, but nevertheless substantially it is correct.

The hon. gentleman entered on another subject as to which I desire to say a word or two, though I do not wish to weary the House by enlarging too much on matters already pretty well threshed out and which no doubt my hon. friends beside me will take up in more detail. The hon. member for York enlarged extremely on the fact, that acting in conformity with the conclusion arrived at by the British Government, we were obliged to abandon our original and more liberal treatment of nations that extended liberal terms to us. I may be a heretic and very unorthodox, but I have to say, that I do not regard the opinion of the British law officers as conclusive. They have the power, I admit, and they are able to enforce their views, and to decide what the favoured-nation clause shall mean; but I hold that the opinion of the British law officers is vastly different from an opinion given by a British court of high degree. They are the advisers of the Government, and they advise the Government substantially on the line of the Government's policy. It may be very true that it is not on the whole inconsistent with the policy of Her Majesty's Government to stand by the most-favoured-

nation clause, for very obvious reasons; but I am far from being convinced, and it will require much better arguments than I have heard on that side or I have read in any of the despatches from Her Majesty's Government given by the Imperial officers that we are not right in maintaining, as I maintain, that a reciprocity treaty has nothing whatever to do with the most-favoured-nation clause. A reciprocity treaty is in the nature of a bargain between two nations, under which we give and obtain substantial considerations; while I maintain that the favoured-nation clause, rightly and properly construed, means that nations having the right to the favoured-nation clause should grant similar terms to those nations from which they expect to obtain special privileges. That is the new world contention as opposed to the old world contention, and I am not in the least degree disposed to abandon it, holding it as being the more logical, equitable and fair construction. We are not, however, an independent nation, but are dependent on the British Empire, and bound therefore in matters of this kind to obey the directions we receive from the home authorities; and when they tell us that for reasons of state and for reasons of policy they are obliged to maintain this particular construction as to the most-favoured-nation clause, we have no alternative but to obey them and abandon our better and more generous contention and accept the system as we now have it. But it was a very strong testimony to the substantial soundness of our view that while the British Government insisted, as I have said, for good reasons of state policy to their own particular construction as to the favoured-nation clause, they at the same time did for the present Government what they had entirely declined to do on various occasions for previous governments—they denounced the German and Belgian treaties which prevailed on extending a preference to British dominions. I say that that, rightly understood, was not only in itself a great and positive gain, but it was recognizing in such a manner as had not hitherto been recognized, the weight and importance which Canada has now attained in the councils of the Empire.

Sir, the hon. member for York, and I regret he is not able to be here to-night, was good enough to twit us with having turned our cheek to the United States and getting nothing for it. I have not in the slightest degree changed my opinion as to the enormous value and importance to both countries of extended trade relations with the United States, and I shall require very much better reasons than I have hitherto heard to induce me to abandon my position in that regard. But it takes two to make a bargain, and when the United States did not see fit to trade with us, it became our business to do the best we could for ourselves

and extend our trade with the mother country and in other directions. That we have done, and if our action, as the hon. gentleman stated, is to be construed as turning the other cheek to the smiter, it is a new translation of the text to which the hon. gentleman referred. When the United States would not trade with us, we showed that country that while not disposed to retaliate on them in any way or to injure ourselves in order to inflict small injury on some portion of their population, at the same time we were masters of our destiny; that the gates were ours to open and to close; that we open them to the country that deals liberally with us and keep them closed to the country which refuses to trade with us, which is good policy, good business and good common sense. What the hon. gentleman may have meant by his allusion to those political methods which he imputed to my hon. friend beside me, to that malignant and malevolent action of holding all manufacturers in subjection, I do not know. He probably is better acquainted with the effective use of the political methods he alluded to for political purposes than we can pretend to be. We are his disciples in that matter, and we should be glad to receive from him or the hon. gentleman opposite (Sir Charles Tupper) any useful instruction he may choose to communicate, for no doubt those hon. gentlemen are perfectly well versed in the art of applying those political methods to recalcitrant manufacturers under particular circumstances.

With respect to the general accusation brought by the hon. member for York, that the Government have not been able to economize to the extent they desired, and that certain of the hopes and expectations which were entertained by certain of my colleagues as to the extent of the saving that could be made, have not been verified, I have to say, so far as those hon. gentlemen are concerned, it practically amounts to this, that they have succeeded in doing a great deal more mischief and doing it more permanently than we had supposed possible. It is not so easy to undo the evil effects of their administration as some of my more sanguine friends would suppose. I call attention to the fact, that in all the attacks I made on hon. gentlemen opposite when I was on the Opposition benches, I was careful, knowing there were serious difficulties in the way, while I pointed out that we had an annual expenditure which I thought excessive and disproportionate to our resources, my chief burden of complaint was that the then Government had increased the permanent charges out of proportion to the revenue and it would be exceedingly difficult to recharges. I am in the judgment of the House, as my hon. friend opposite would say, as to whether that was not on all occasions the burden of my attacks. It is my opinion still. The amount of our capital and fixed

charges is enormously out of proportion to our income. If hon. gentleman will go carefully over the present list of expenditures they will see that, after deducting fixed charges, which are wholly and entirely apart from collection of revenue and which amounts to a sum not far short of \$20,000,000 a year in the items authorized by the statute, the amount left to cut and carve upon is exceedingly small. Deducting \$19,000,000 and adding \$11,000,000 required for post office, railways, inland revenue and customs and other matters, over which the Government has extremely little practical control from the nature of the case, deducting these sums from a total amount of \$88,000,000 it will be found that there are not more than \$7,000,000 or \$8,000,000 in the form of expenditures under direct control of the Government, and no inconsiderable portion of this is devoted to expenditure for Indians, which is in the nature of treaty obligations, although not granted by statute. While not desiring to palliate any extravagance, if extravagance is committed, or withdrawing from the statement I have made that the amount of expenditure is very large in a country like ours, I point that out, not at all desiring to palliate any extravagance, if extravagance has been committed; not as at all withdrawing from the statement I have often made, that the amount of expenditure is very heavy for a country like ours; but as pointing out that the great fault which the people of Canada are entitled to complain of is, that permanent charges to such an enormous extent as I have indicated were inflicted upon them. These charges were not inflicted by the Liberals; they were inflicted against our advice and against our protest, and it is not fair to say at this moment, that if on coming into office we found it more difficult to reduce these than we had supposed, therefore, we are to be held responsible—unless hon. gentlemen can show that the items which we are now demanding are excessive in amount. It does not lie in the mouth of hon. gentlemen opposite to make that charge, for as I have shown, we are actually asking less for the present services of the country with a considerably increased population, than they themselves proposed to ask two years ago. The hon. gentleman (Mr. Foster) was good enough to lay claim to all the results of the year 1896-97 as properly belonging to the policy of the late Conservative Government; and amongst other things he claimed that there had been an increase of \$17,000,000 in our exports, the credit of which was due to the policy of the Liberal-Conservative party. Well, as it so for argument's sake, I find that in the first six months of this current year—to which he (Mr. Foster) will hardly venture to make claim—in the first six months which ended on the 31st of December, 1897, I find that we exported of home products a sum total of ninety millions odd, being an increase of



\$30,000,000 over the exports of 1898. Although I do not pretend to say that that is wholly and entirely due to the feeling of confidence, and the general feeling of rest and stability which has ensued on the expulsion of hon. gentleman opposite from power and the installation of the present Ministry; it is at least good evidence that during our term of office the increase in the wealth of the people of Canada, which this evidence, has gone on far faster than it did before. The House will do well to recollect that there are new sources of wealth opening before us; the House will do well to recollect that there is every reason to believe that our population is decidedly on the increase, and that in a very considerable number of industries which in former times we did not reckon upon much—in all those connected with mines and minerals; in the wonderful development which appears likely to await the pulp and paper industry and in several others, wholly apart from our staple agricultural industries, there is such promise of increased prosperity and permanence, that we have fair reason to believe that this extraordinary development is not likely to be merely ephemeral but will remain for a number of years. It is plain that Canada is entering on a new era of prosperity, and outside of hon. gentlemen opposite very few indeed will be found to question that the political position of Canada has likewise improved enormously. Sir, we have shown that while the Liberal party were not as fond of talking loyalty as hon. gentlemen opposite used to be; we have shown how Liberal acts can outweigh Conservative promises and professions a thousand times over. We have set an example to the Empire, and if we have not done it in a huxtering spirit, if we have not endeavoured to obtain pound for pound and cent for cent, we have at any rate shown that when we were generously treated, we were willing to the best of our ability to treat our mother country generously in return.

I grant that we have not done all that some of us had hoped to do. It is not possible—the hon. gentleman (Mr. Foster) to the contrary notwithstanding—to undo in one single year, or even in two years, all that the Conservatives succeeded in doing during a period of eighteen years. If in a corresponding period we have no better record to show than they, I would be willing for one to submit to the severest censure and punishment which can be inflicted upon us, though probably by that time, it will not much concern either myself or my hon. friend (Sir Charles Tupper) opposite. The truth is that we have found ourselves in the position of being heirs to a deeply mortgaged estate. There are two ways in which we can get out of that awkward position. We can reduce the rate of interest, and we are doing it in spite of the remonstrance of

hon. gentlemen opposite, or we can do the other thing; we can improve and develop the productiveness of our estate. We can—and I think we will be able to in a short period of time—we can increase the population of Canada to such an extent that the same results will be attained as if we had been able to cut down the expenditure by even as many millions as we had hoped in our fondest expectations. We may not be able to reduce the expenses of the service, but we can get a better service. In all these ways we can increase and improve the efficiency of the Government of Canada. This we desire to do; this we hope to do. I think, Sir, that in that way, in all probability the real safety and the real advantage which Canada is likely to derive from the present period of prosperity is likely to remain with us. I cannot forbear saying one thing—and I think I am justified in saying it—I verily believe that if, eighteen years ago the people of Canada had been content to go on under the reasonable revenue tariff they then enjoyed, the manufacturers of Canada as a whole for whose benefit these enormous additional taxes were imposed, would have been infinitely better off than they are to-day. Their progress I believe would have been as great; I am certain it would have been infinitely solidier and more permanent, and it would not have been attended with the disadvantages and inconveniences which have flowed from the system then adopted. I do not want to dwell upon these themes too long, but I do say—and I think I would obtain a pretty universal verdict from these gentlemen when I say it—that on the whole and all things considered a very grave error was committed when Canada turned her back on the well-known fiscal policy of Great Britain and took up with a system of protection, which was after all but the cast-off rags of Americanism. It may be that we have been to blame in some respects; it may be that we have not been able to live up in all respects to the expectations our friends formed, but I repeat that if it can be shown that in the Estimates we submit there is any undue extravagance, any undue expenditure that cannot be reasonably defended, we will not be afraid or ashamed to retrace our steps if good cause be shown. But I do protest that it is not right or fair or reasonable for gentlemen opposite, who laid burdens upon us which we are now endeavouring to liquidate, to complain of our course. With respect to the charge that we have increased the capital account, I may say that with one exception all the increased charges on capital account have accrued from obligations contracted by the late Government. All we have done has been as business men to hurry forward such enterprises as the completion of the canals, in order that they might become within the lifetime of the present generation of some little use to the people of Canada. The chief

items of expenditure which the hon. gentleman complains of, I am quite willing to stand by, and abide the judgment of the people of Canada. But I may remind the House of one fact, which they very well know, that during last session, when we were proposing the policy of giving a large subsidy to the Canadian Pacific Railway for the construction of the Crow's Nest Pass Railway, there was no man in this House who was so anxious as the hon. member for York—unless perhaps it was his hon. friend beside him (Sir Charles Tupper)—that that measure should be brought forward and pushed through with all speed. If I remember rightly, the hon. gentleman approved of that measure, urged it, did not divide the House upon it, or vote against it in any way; and now, after having urged and approved of and agreed to it as a necessary measure, he turns round and reproaches us with broken promises and violated pledges, because we did the very thing he urged us to do. Sir, there should be some little reasonable fair-

play in these matters. I do not object, it would ill become me to object to any amount of criticism which hon. gentlemen opposite please to level against us. I am an old parliamentarian, and I am aware that Providence can temper the wind to the shorn lamb; and I am likewise aware that official hides acquire an extraordinary toughness and thickness under the strokes that come, sometimes from supporters and sometimes from opponents;—I say I do not object to any amount of criticism; but hon. gentlemen of their standing and ability, knowing the weight which properly belongs to their words, should be a little fair and reasonable, and not endeavour as the hon. member for York did, to argue on totally false premises, and to endeavour to bind us down by comparisons which do not fairly apply to the conditions of things as they exist to-day. I thank the House for the extreme courtesy with which they have listened to me, and, as I promised not to be unduly long on this occasion, I now take my seat.

# STATEMENT

OF

## HON. WILLIAM PATERSON, M. P.

MINISTER OF CUSTOMS

OTTAWA, 13RD APRIL, 1898.

### WAYS AND MEANS—THE BUDGET.

The House resumed adjourned debate on the proposed motion of Mr. Fielding, that Mr. Speaker do now leave the Chair, for the House to go into Committee to consider the Ways and Means for raising a Supply to be granted to Her Majesty.

The MINISTER OF CUSTOMS (Mr. Paterson). In rising to reply to some of the statements made by the hon. leader of the Opposition last night, I desire, at the outset of my remarks, to heartily congratulate my hon. friend upon being able to be in his place in the House to-day after his great physical effort of last night. I am sure that I simply echo the sentiments of every member of this House, when I say that we rejoice to see the great vigour which the hon. gentleman displays, and to have this convincing evidence of the excellent condition of his health. I had feared, after the exhaustive effort he made last night, that, perhaps, when he reached his home and pondered over the rather harsh, and, I may be permitted to say, incorrect statements he made in his lengthy criticism, his night's rest might have been disturbed, and physical weariness, combined with uneasiness of mind and conscience, might have prevented his being with us to-day. I am very glad, however, to see him here, and shall all the more willingly endeavour to show the fallacy of many of the arguments and the incorrectness of many of the statements he made use of. I shall not, however, take up the time of the House with any reference to his criticism of the speech of my hon. colleague the Minister of Trade and Commerce (Sir Richard Cartwright) on the finances of the country. That statement was so clear, so fair, so satisfactory, that the House cannot have been surprised at the failure of the hon. leader of the Opposition to weaken it in any respect. I would have been glad had the health of the ex-Minister of Finance (Mr. Foster) permitted him to have been present while that speech was being made, for I am confident he would have been forced to admit that it was an eminently fair

and convincing reply to his attack on the financial record of the present Administration. I think he would have been forced to admit, as every one must be in candour, that if we compare the expenditure of one Government with that of another, the fair way to make a comparison is to take up the various items of expenditure under their different heads, and contrast these with each other, and not take the total expenditure in one lump sum, as the hon. gentleman did. The hon. gentleman knows that there is over one million dollars of expenditure for new purposes which this Government had to incur, and which the former Government never had to provide for at all.

That was the line upon which the Minister of Trade and Commerce proceeded, and I think he made it abundantly evident, even to the gentlemen of the Opposition, that the criticism that was levelled against the able speech of the hon. the Minister of Finance, was weak and was not really a fair statement. I dwell no longer upon that.

I proceed next to notice a statement that the hon. gentleman made that it was by an accident of an accident that the Liberal party are in power. I do not know what he means by that exactly. But if it were by an accident that the Liberal party attained power, then I am bound to say that every manifestation we have witnessed throughout the country, shows the verdict of the people to be that it was a very lucky accident, for they have but strengthened the Government from that day to this. Then we were told, and I thought it rather a marvellous statement, that if success attended the efforts of the Liberal Government in legislation they were in a different position from that of the late Government, because, he said, when the hon. gentlemen now on the Treasury benches were in Opposition, they opposed the late Government and objected to its measures, while now the Opposition are lending their help and their aid to the Government in order to develop this country and promote its prosperity. Well,

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It is true that gentlemen now on the Government side, when in Opposition, did object to the actions of the then Government, but it was to actions they objected, and they gave reasons for their objections. But when hon. gentlemen opposite claim that they are assisting gentlemen on this side of the House to promote the prosperity of Canada, to help her onward and forward, I ask him what means are they taking to do it? Is it by attributing corrupt motives to the men who sit in the Ministry and lead the Liberal party to-day, insinuating charges against members of that Government that they have not the courage to formulate, trying to weaken the influence of that Government in the country by base and cowardly insinuations when no one has dared to prefer a charge? Is that the help the Opposition are giving to the present Government in order to carry on the affairs of the country? Ah, but the hon. gentleman points to an instance of it, and says it was a case of black ingratitude for the Minister of Trade and Commerce to have mentioned it, namely, that he had supported the Government in their Crow's Nest Pass Railway policy last year. What is he afraid of in that respect? He asked the question; Why did I do it? Well, I shall not attempt to give the answer, but I could not help thinking at the same time that he might have asked himself another question. If the gallant men from York had swept down upon him from the east and from the west, chaining him to their chariot wheel as they did on a late occasion, his question would not have been: Why did I do it, but, Why did I not do it. He did help us in that, it is true; but in another case in which he was convinced the Government were right, which he had advocated and supported, in that case when the two men of York, from the east and the west, brought their influence to bear upon him, they led him captive and made him, in the light of open day and in the face of Parliament, eat the words he had uttered. Then, Sir, I mention this, not as a reproach but I say it with pity for one for whom I entertain respect as a bold and a valiant leader—he said he failed to find anything the Government had done to promote the prosperity of this country. Let me tell the hon. gentlemen opposite what I believe with reference to the prosperity of the country. This very fact itself, that the Liberal Government attained power inspired confidence in the people of this country, gave them that confidence which is necessary to business and to business improvement; the very fact of the Liberal party being in power, and a stable, harmonious Government, a Government loyal to the country and loyal to one another, being in power—that very fact, I say, stimulated the confidence of the people of this country. Who doubts it? How could business enjoy any stimulus when,

the very legislature of the nation, the men directing its affairs were at daggers drawn? How could they have confidence that the affairs of the country would be carried on satisfactorily when they saw, at a critical time in this country's history, at a time when the peaceful relations that had existed so long between the motherland and the neighbouring land were actually endangered, how could they have confidence on an occasion like that, when they saw the gentlemen entrusted with the reins of Government bringing on a crisis, seeing the Minister of Militia and Defence, who might have been called upon at any moment to marshal his troops and send them out, gone out on strike, leaving that important department without any head? How could they have confidence when they saw the Minister of Finance also out on strike, saving the finances of the country without any control at a time when funds might be needed? They saw these gentlemen divided among themselves, a Government whose members were in open war with each other upon the floors of this Chamber. Scenes like that will go down to history, and form a black page in the otherwise bright annals of this country of ours. I say that when a Government such as that was displaced by a Government loyal to the country and loyal to one another, when the people saw the present Government seated in power, then a feeling of confidence revived throughout this whole Dominion, and from that day to this that confidence has gone on increasing. I think I am not using the language of exaggeration when I say that in the minds and in the breasts of the people of Canada there is to-day a feeling of confidence, an assurance of prosperity, and a hope of better things, stronger than have ever existed among them before.

Then, Sir, I come to notice another part of the hon. gentleman's speech, in which he took up a good deal of time, and I will ask the patience of the House, or of those members who may be inclined to listen to me, while I deal in detail with some of the changes of the tariff. The hon. gentleman, in discussing this tariff, made several very rash statements. He said we had adopted the National Policy in its entirety.

Mr. MAULEAN: Hear, hear.

The MINISTER OF CUSTOMS. But the leader of the Government did more than that; he outdid himself, for, after having made that statement, he said that in all the essential features of the National Policy we had added 5 per cent to it.

Sir CHARLES TUPPER. I am much



obliged to the hon. gentleman for the promotion he has given me.

The MINISTER OF CUSTOMS. I do not quite understand the hon. gentleman.

Sir CHARLES TUPPER. The hon. gentleman refers to me as the leader of the Government.

Mr. BERGERON. It is coming; it is coming.

The MINISTER OF CUSTOMS. Well, if ever the party opposite attain to power I shall not begrudge that honour to the hon. gentleman, though I do not wish to see him enjoy it at the present time. If I made a mistake like that, I think he will understand that, with all my best wishes for him, I hope he will long continue to hold his present position. Well, now, the hon. gentleman dealt with the speech of the Minister of Finance, and he will have to pardon me if, though I unintentionally paid him a compliment just now, I am obliged to allude to his manner of dealing with that speech in words which cannot be complimentary. What do I find? The Finance Minister, in the able speech he had delivered, with a fairness that characterized his whole utterances, had given a list of articles, sixty items of the tariff, in order to show the changes that had occurred therein; and, in doing so, he did what was fair. Among those articles he selected and put in the list were articles that comprised nearly all in the tariff in regard to which it could be said that the general tariff of this Government was higher than the general tariff of the preceding Government. My hon. friend gave the preferential list with one-eighth off and with a quarter off, 12½ per cent in the one case, and 25 per cent in the other. The hon. leader of the Opposition did not do himself credit when, in criticising that statement, he took up eight of these articles which had been raised in the general tariff from 30 to 35 per cent., he read the reduction of 12½ per cent, and said that the British manufacturers had to pay ½ of one per cent more under this tariff than they had to pay under the old tariff. Is that true?

Sir CHARLES TUPPER. Yes.

The MINISTER OF CUSTOMS. If it was true, it was not the whole truth, and that is what men are expected to say in fair debate.

Sir CHARLES TUPPER. The hon. gentleman will perhaps allow me to tell him that I was not dealing with the case of the law as it would come into effect on the 31st July I was dealing with the law which the hon. gentleman put on the Statute-book

when I was dealing altogether with that point, if I had embodied more than that which operated under the law as it stood on the Statute-book last year.

The MINISTER OF CUSTOMS. That is where I wholly differ with the hon. gentleman. He is dealing with the tariff which this Parliament enacted last session, and, under the operation of that tariff, a 25 per cent reduction was made in the preferential schedule after a certain date. That was as much part of the tariff as the 12½ per cent reduction; it is the same tariff to-day as it was last year, it is not changed at all. But the hon. gentleman took the 12½ per cent reduction, and ignored the fact that part of the law provides for 25 per cent reduction after the 1st July. There, I say, was a suppression of truth in respect to this matter.

Sir CHARLES TUPPER. No.

The MINISTER OF CUSTOMS. It was unworthy of the hon. member to do it. I tell the hon. gentleman that, when he expressed the desire that 100,000 copies of the speech of the Finance Minister might be circulated broadcast throughout this country, I re-echo his wish; but when 100,000 go out, it will be a fortunate thing for the hon. gentleman's reputation, if 100,000 copies of his own speech do not follow, for if the people read his speech, and read the speech of the Finance Minister, they will say, with shame on their faces: We did not believe it possible that the leader of one of the great political parties would read utterances and deal with statements of an opponent, and, in doing so, suppress the truth and garble it to suit his own ends.

Sir CHARLES TUPPER. I should like, if the hon. gentleman would permit me, to ask him one question. Under that tariff as it stands to-day, dealing with it from the standpoint that the hon. gentleman is dealing with it, I ask him if that which the people of England were led to expect, namely that there would be a reduction of the duties as they existed in Canada, of 12½ to 25 per cent, when the whole tariff came into operation, was carried out, and if I did not demonstrate to the House yesterday, that, in respect to a large number of staple imports from England into this country to-day, under the operation of the 12½ per cent reduction, there are not duties over those which hon. gentlemen opposite found when they came into power? Instead of a reduction, the hon. gentleman knows, that, having raised the duties more than 12½ per cent over the whole list of articles referred to, as the duties stood when they came into power, the result was, that last year British manufacturers and exporters to this country were

isted when hon. gentlemen opposite came into power, and yet the English exporter was led to expect he would receive 12½ per cent reduction. To-day, with 25 per cent off on all those leading staple imports into this country, instead of there being a reduction of 25 per cent., it is less than 12½ per cent, because hon. gentlemen opposite, before they made the reduction, raised the tariff 12½ per cent, so that they have ½ of 1 per cent less than 12½ per cent in the proposed reduction, which they were led to believe would be 25 per cent. That was the position.

The MINISTER OF CUSTOMS. I am not taking exception to that part of the hon. gentleman's speech. Out of sixty articles, he picked out eight, with his usual fairness—items on which our general tariff has been above the tariff of hon. gentlemen opposite; but, in commenting on this, it must be considered as one tariff and one law; there are not two laws, one providing for a reduction of 12½ per cent. on the 1st August, 1898, and another providing for a reduction of 25 per cent. afterwards; one law was enacted, and the hon. gentleman is talking about the tariff law we passed. While my hon. friend the Finance Minister had given both columns, the hon. gentleman quoted only the 12½ per cent reduction with respect to those eight items out of the sixty on which the reduction had taken place, and he determinedly refused to take what the Finance Minister had stated and what was before his own eyes, that when the 25 per cent reduction was carried out, as it would be after 1st of July, the rate of duty would be materially below the tariff which hon. gentlemen opposite had adopted. That is the point to which we take exception in the hon. gentleman's statement.

A great deal has been said by hon. gentlemen opposite in regard to the present Government adopting the National Policy. Their tone has changed. We had criticisms made last year by the late Finance Minister. In what direction were they? He said that the present Government had taken the National Policy in some respects, and not in others. This year, the leader of the Opposition said the Government have taken the National Policy in its entirety; nay, more, they have in all essential particulars added 5 per cent. What did the late Finance Minister tell us last year, in criticising our policy? He saw the woollen schedule of imports, of which there are millions a year in value, and that it had been raised from 30 to 35 per cent, at all events in regard to some of its items; and he recognised the fact that England was a keen competitor in these lines, and we were enacting a law, not for a day, but a law which we thought

would be a great reduction. The hon. gentleman knew then that in these items we had raised the general tariff 5 per cent.; but his criticism at that time was that this would not save the great woollen industries of the country. He said, "Wait till you 25 per cent preferential tariff, or even your 12½ per cent preferential tariff, comes into effect, and you will wipe out the great woollen industries of this country." They do not say so this year—why? Because the predictions they made have been falsified by the returns from the woollen mills in the country. What do the papers tell them? Mills after mill reopened and running on full time, and other mills running overtime. We have heard nothing about the destruction of the woollen industries on this occasion. Now, this is a point which I want to have fully understood, because I believe there are people in the Liberal party who think we have not done quite as much, or who have not realised how much this Government has done in the way of tariff reform; and I will therefore ask your attention and the attention of hon. gentlemen opposite to some tables which I have prepared in reference to this point. I have had prepared a statement of the articles entered for consumption in the six months ending December 31st, in the years 1896 and 1897. In the one six months the National Policy was in force; in the other six months the preferential tariff was in force to the extent of 12½ per cent. Hon. gentlemen should bear in mind that the imports referred to in this statement are not only the imports from Great Britain, but the imports from all countries, and therefore the reduction which I will show has been made on these lines is not a reduction on imports from Great Britain alone, but a percentage reduction on the total imports in the various lines I will mention. I have here an import of some £16,000,000 in round numbers during the six months ending December 31st, 1897, under the new tariff, and an import of £13,500,000 in round numbers in the six months ending December 31st, 1896, under the old tariff. Taking the total importations and dividing them by the duties collected, you get at the average ad valorem percentage, and I take the different ad valorem percentages and show the reductions that have been made in the duties on the articles which I enumerate.

Mr. SPROULE. But if the values are changed, it will spoil your calculation.

The MINISTER OF CUSTOMS. I was about to refer to that myself. Hon. gentlemen will recognise that where the articles change in value, and you have a number of items of specific duties, you are not in a position to arrive at a correct conclusion.

those articles in which, except in the case of coal, the duties are ad valorem. Now, what are the facts? On bituminous coal, on the importation for those six months, the reduction in duty has been 4 per cent. Cotton and manufactures of, was an item on which one hon. gentleman said we had increased the duty; but these tables show that instead of an increase under the working of the new tariff, there has been a percentage reduction, as compared with the old tariff, of 8.2-5ths per cent. On glass, there has been a reduction of 5.7-10ths per cent. On hats and caps, there has been a reduction of 5.2-3 per cent. On iron and steel and manufactures of, of which the imports for the six months are nearly \$8,000,000, there is a percentage reduction of 14 per cent. On leather, there is a slight increase, but so slight that I have not worked it out. On woollens and manufactures of, of which there have been over \$4,000,000 of imports during the six months—another of the items in which hon. gentlemen said we had increased the duty—instead of an increase there is a decrease of 4.2-5 per cent. These are the great leading articles on which hon. gentlemen said we had raised the duties.

Mr. WALLACE. Would the hon. gentleman permit me to ask him a question which is pertinent? Are these percentages of reduction percentages of the cost of the article or percentages of the duties?

The MINISTER OF CUSTOMS. Percentages of the reductions of duty under the new tariff as compared with the duty under the old tariff.

Mr. WALLACE. That is, supposing cotton manufactures were 30 per cent before, they would be 28.3-5 per cent now—is that what we are to understand?

The MINISTER OF CUSTOMS. As I proceed with another table, you will see exactly the way I have worked it out.

Mr. WALLACE. I think we are entitled to a statement as to that right here.

The MINISTER OF CUSTOMS. You shall have it, if you possess your soul in patience a little. Now, I want to deal with a few other items. Without desiring to be sectional or to recognize different interests in the community, we do recognize the fact stated by the Finance Minister that the greatest of all the industries of this country, without belittling any other industry, is the great agricultural industry of the country. We cannot look at the exports without that fact being impressed upon our minds, and you cannot converse with a business man in any of the business centres, the towns or villages, without finding that he recognizes that the great agricultural industry, without belittling any of the others, is the great preponderating interest of the country. Hon. gentlemen opposite

have endeavoured, by statements devoid of truth in many cases, to lead the agriculturists of this country to believe that no reduction has been made in the rates of taxation that bear upon them. I am aware that in one or two or three articles, such as reapers and mowers and ploughs, hon. gentlemen opposite have sought to charge the Liberal party with having broken solemn pledges for a reduction of duties on these articles when they came into power.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF CUSTOMS. Hon. gentlemen say, "Hear, hear." Whatever may have been the opinion of different members of Parliament or different individuals throughout the country in reference to the reduction of taxation which they would like, I have this to say, that while ideas no doubt differ somewhat with regard to different articles and while there may be disappointments and while some people may have understood from something that may have been said that there might be a reduction or a wiping out of certain duties to which the hon. gentleman has alluded, I fail to find that any direct pledge was ever given, such as the hon. gentleman sought to make us believe was given, by any of the members of the Administration. The hon. gentleman knows that the platform of the Liberal party was adopted at the great Liberal convention, and that in that platform we declared for the lessening of the burdens upon the people and a return to a revenue tariff.

Mr. DAVIN. I quoted the words of the Minister of Agriculture.

The MINISTER OF CUSTOMS. I think, from my recollection of the words of the Minister of Agriculture, that he expressed the belief that the duty on agricultural implements was too high, as regards many of these articles, and he desired to see the duty reduced, but I do not think he declared that he would put reapers and mowers on the free list.

Mr. DAVIN. Was the duty reduced then?

The MINISTER OF CUSTOMS. No, but the hon. gentleman wants to make out that the Minister of Agriculture promised that these articles would go on the free list.

Mr. DAVIN. I made that out, too, but now you use the word "reduced."

The MINISTER OF CUSTOMS. Very well, let us look at this. I say there may have been an understanding and there may have been desires on the part of different individuals in this direction, and that, but I wish to point out how the Government had to view this question. When this question of reapers and mowers came up before us for consideration, what did we find? We found that these articles had been taxed 35 per cent. under the old tariff, and that in

1894, the late Government, departing from its principles and with the ulterior object in view of strengthening itself with the people, cut down the duty on these to 20 per cent, while they left other articles in the high dutiable list. We recognised the fact that there were duties in the tariff which were excessive and bore too heavily upon the farmer, and we determined to reduce them. Let me tell the hon. gentlemen opposite that the difference between the two political parties upon this question—and I do not intend to enter into a discussion of the question of free trade and protection—is this.

Mr. DAVIN. Would the hon. gentleman allow me to read what the Minister of Agriculture said?

The MINISTER OF CUSTOMS. No, I will not. You can read it afterwards.

Sir CHARLES TUPPER. He does not want to hear it.

The MINISTER OF CUSTOMS. Would the hon. gentleman like to be thus continually interrupted in an argument he is making?

Sir CHARLES TUPPER. Yes, when an hon. gentleman charges in his place on the floor of this House that an inaccurate quotation has been made by another hon. member, he ought to be ready to hear that quotation read and allow the House to decide.

The MINISTER OF CUSTOMS. I think there is no difference between us as to the accuracy of the statement. I understood the hon. gentleman to say that the Minister of Agriculture did not promise that these would go on the free list. Does he want to read an extract in which the Minister of Agriculture said that mowers and reapers would be placed on the free list?

Mr. DAVIN. That is exactly what I want to do. This is it.

Some hon. MEMBERS. Whose speech?

Mr. DAVIN. The Minister of Agriculture's.

Some hon. MEMBERS. When delivered?

Mr. DAVIN. At Moosemin in October, 1894, you will find it in the "Spectator." This is it:

"As a farmer he was not satisfied with the reduction which had been made in the agricultural implement duty, because the United States Congress have made a standing offer of reciprocity in implements, and it was the duty of the Canadian Government to take advantage of that offer."

The MINISTER OF AGRICULTURE (Mr. Fisher). Hear, hear.

Mr. DAVIN (reading).—  
"Last year the farmers of Western Canada imported \$120,000 worth of American implements."

The MINISTER OF AGRICULTURE. Hear, hear.

Mr. DAVIN (reading).—

"—on which they paid \$40,000 duty. Referring to the Massey-Harris combine, he claimed that the fact that these people spoke of going to the States to fight the Yankees in their own market showed that Canadian manufacturers were able to get along without protection."

The MINISTER OF AGRICULTURE. Hear, hear.

Mr. DAVIN (reading).—

"Canadians were able to hold their own with the Yankees in any walk of life."

The MINISTER OF AGRICULTURE. Hear, hear.

Mr. DAVIN (reading).—

"Massey-Harris got protection, why should not the farmers?"

The MINISTER OF AGRICULTURE. Hear, hear.

Mr. DAVIN. That holds out a clear promise.

The MINISTER OF CUSTOMS. I ask—and I am in the judgment of this House—if it is not a piece of impertinence for the hon. gentleman to rise and make a statement like that. He attempts to contradict me and when I gave him the opportunity of proof he utterly fails. I will show the hon. gentleman, before I am through, what it was the hon. Minister of Agriculture desired, but I want now to lay down the distinction that exists between the two political parties with reference to this matter. The principle of hon. gentlemen opposite is protection to the manufacturers, and if this brings any revenue, that is merely an incident. But the policy of the Liberal party is, first of all, revenue, and then what protection may be involved in that is the incident. That is the distinction between the two political parties, and when hon. gentlemen opposite quote expressions of Liberal speakers in favour of eliminating every vestige of protection from the tariff, they are quoting simply the policy of the elimination of the principle of protection, as the main feature of the tariff, and the substitution in its place of a revenue tariff in which protection is merely an incident. Hon. gentlemen know what the platform of the Liberal party was. It was formulated by the great Liberal party in convention assembled. In that convention the Liberal party declared what in their opinion was the best policy for this country, and this Government is determined, as far as it can, to carry out that platform.

Mr. DAVIN. I thought the hon. gentleman was going to explain.

Some hon. MEMBERS. Order.

The MINISTER OF CUSTOMS. I have no desire to be discourteous but I must protest against these interruptions.

Mr. DAVIN. I thought the hon. gentle-



man was going to explain what the Minister of Agriculture said and what he led the people of the North-West to understand.

The MINISTER OF CUSTOMS. We have heard the hon. gentleman read already what the Minister of Agriculture said.

Mr. SPEAKER. I do not wish that there should be any misunderstanding. Hon. members must understand that they cannot interrupt an hon. gentleman who has the floor, without his consent.

Mr. DAVIN. I have no desire to do it.  
Sir CHARLES HIBBERT TUPPER. He is willing.

The MINISTER OF CUSTOMS. Yes, but not to be interrupted all day. In order to show that I have rightly understood the policy of the two political parties, and the distinction between them, let me quote from the ex-Finance Minister's speech in 1894, when he introduced his tariff resolutions. As I have stated, you can find the platform of the Liberal party laid down in the convention of its representatives assembled in this city, but you cannot find anything of the kind to show what the policy of the Conservative party really is. They never ventured to tell their representatives together in convention, and I am forced therefore to take as an avowal of their policy a declaration of it from the mouth of the one best fitted to give expression, namely, the Finance Minister, when he introduced his tariff in 1894. You will find it in the "Hansard" of 1894, vol. 1, page 207:

"I wish to state here that the Government of to-day, and the party which supports the Government of to-day, take their stand squarely and firmly upon the embodiment and upon the preservation of the principle of protection in the tariff, the degree of that protection to be according to the circumstances of the industry and the conditions of business and of trade at the present time."

In the same speech he lays down this proposition.

"The tariff which was made in 1878——"  
He refers, undoubtedly, to 1879.

"The tariff which was made in 1878 was a practical tariff, and the tariff which is to be arranged during this session must also have that feature, if possible, of being a practical tariff, and must take cognizance of the varying conditions of different industries, and must mete out to them, on the principle which we have stated, the protection which is reasonably due to them, and necessary in order to maintain possible industries in their position in this country."

That is the policy of the Conservative party, of which party the hon. member for West Assiniboia has been a most loyal member. Whatever they proposed in this House,

they could count on him not only to vote for it but to defend it. Or, even if he should speak against it, they could always rely upon his vote. Now, let me ask that hon. gentleman, as a member of the party. In the face of this declaration of policy of the party with which the hon. gentleman is connected, if they had been returned to power in 1896, instead of the Liberal party, and the agricultural implement manufacturers had made representations of the facts to the Government, what would the hon. gentleman have done? If the manufacturers had come and said to the Finance Minister: We want you to look at these figures taken from your own trade returns. What are they, he would say. They would answer: We beg to point out to you that in the year 1896, in the six months ending 31st December, 372 harvesters of a value of \$37,071 were imported into Manitoba and the North-west Territories, to say nothing of the rest of the Dominion, while, for the corresponding six months of the three next years in which we have worked under a tariff reduced by you from 35 per cent. to 20 per cent, there has been a marked increase. In 1895, for the corresponding six months the number of harvesters imported into Manitoba and the North-west alone was 760, in 1896 it was 803, while for the six months ending December 31st, 1897, the number of harvesters imported into Manitoba and the North-west alone was 1,432, representing a value of \$144,289. And they would say to the hon. Minister of Finance——

Mr. DAVIN. The hon. gentleman asked me what I would say. I will tell him, if he will allow me.

The MINISTER OF CUSTOMS. The hon. gentleman (Mr. Davin) is very anxious to take every opportunity to rise. I could not know exactly what the hon. gentleman would say, but I venture to say that if the Government acceded to such a request on the part of the manufacturers and had put implements back to where they were, he would have supported them.

Mr. DAVIN. No.

The MINISTER OF CUSTOMS. That is my impression.

Mr. DAVIN. I rise to a point of order. The hon. gentleman has pointed to me and has said he would like to know what I would do if my party had got into power in the last election and certain figures were laid before the Finance Minister. Do not you think, Mr. Speaker, that I should have an opportunity to tell the hon. gentleman what I would say.

Mr. SPEAKER. I am afraid I must leave that largely in the judgment of the hon. member who has the floor to say whether he wanted a response or whether he was only using a figure of speech.

The MINISTER OF CUSTOMS. If I have said anything wrong I am sorry for it. My

argument is that if hon. gentlemen opposite had been returned to power in 1893 and the implement manufacturers had come to them and had shown, that since the reduction of the tariff the number and value of those machines imported was increased four times over in Manitoba and the North-west, and had demanded, in view of the party declaration that the tariff must be arranged with a view to protection of the industry regardless of revenue, that they should reduce the duty to 30 or 35 per cent, if they were consistent with their principles, they would have been forced to concede that point. The manufacturers could have pointed out in addition that they were charged 30 or 25 per cent on all the machinery in their factories and that even the workmen were compelled to pay 30 or 35 per cent on the tools. All this being shown if the Conservatives desired to be consistent they would be obliged to grant the request. While it is true with regard to reapers and mowers that the rate of duty was not lowered, I contend that by the plan that was adopted by the Government in this matter of giving the agricultural implement manufacturers relief by reducing the duty on their raw material, substantial advantage resulted to the consumer. The reduction of the duties on the raw material enabled the Canadian manufacturers voluntarily to reduce the price of implements, I believe by \$5 apiece. And the Customs Department gave a ruling admitting at \$92 each a large line of implements that, up to that time, had been charged duty on the value of \$100. But I wish to point out to hon. gentlemen opposite these two or three items of which I have spoken, only a few among the items used by the farmer, as instancing a fulfilment of the pledge that was given by the Minister of Agriculture. I have here a list of sixteen agricultural implements, and I propose to show the rate of duty under the old tariff and the rate of duty under the general schedule of the Fielding tariff. I am not going to quote the preferential tariff, because I will be candid with the House and say that, so far none of the agricultural implements I am about to name have come from the old country. Some may come when the 25 per cent reduction is in force. No one can foretell how that will change the current of trade.

But I tell you frankly now that none have come in so far, and, therefore I do not institute a comparison with the old National Policy rate and the preferential rate, but I institute a comparison between the old general rate and the National Policy rate, and the general rate that was enacted by the Fielding tariff. Notice what reductions have been made, and tell me whether they are substantial or not. I give the percentage of reduction, the difference in the rate of duty determines the percentage of reduction from

the old rate of duty. Some may say: You take 25 per cent off that is very little. People do not realise how much 25 per cent off the old tariff rate amounts to. If you tell a farmer in the North-west, or anywhere else: I will give you 60 cents a bushel for your wheat, when he has been getting 80 cents a bushel, and he should say to you: Why, that is a terrible reduction; then you may turn round and say, in the language of hon. gentlemen opposite: No, that is no reduction; that is only 25 per cent off. But they would think it was a reduction, just the same, and just so surely does this percentage of the reduction in the duty on the implements they use bear that relation to the taxes that were imposed upon them under the National Policy. Now, let us look at some of these articles:

Tariff	General age of	
	1894.	1897.
	p.c.	p.c.
Axes .....	35	25
Hay or straw knives.....	35	25
Hand rakes .....	35	25
Farm rollers.....	30	25
Road or field rollers.....	30	25
Windmills .....	30	25
Horse powers.....	30	25
Portable engines .....	30	25
Threshers .....	30	25
Feed cutters.....	35	25
Separators .....	30	25
Potato diggers .....	35	25
Grain crushers .....	35	25
Fanning mills .....	35	25
Hay tedders .....	35	25
Manure spreaders .....	25	20

Now, then, to summarise, I have given you sixteen articles of agricultural implements used by farmers, seven of which have been reduced at the rate of 16 2/3 per cent, one has been reduced 20 per cent, and eight have been reduced at the rate of 28 2/3 per cent from the old tariff. I invite attention again to a statement I am going to make, that, in that table, I have a comparison of the reductions in the old rate under the National Policy, and the general tariff rate under the Fielding tariff—not the preferential rate, for if any came in under the preferential rate, there would be 25 per cent further reduction off the amounts that I have already given. Now, I am about to read a table which, I fear, will prove tiresome to you, Mr. Speaker, and perhaps to the members of the House. But I desire to get upon "Hansard" something which I consider valuable to the people, at the risk of making myself wearisome and tedious. I desire, also, to do it for the benefit of the ex-Minister of Finance, who, when he goes upon the platform, may not desire to give that close scrutiny to the facts of the case that might be desirable, and I am about to place upon



Articles.	1894-95.		1897.		Percentage of Decrease.	Percentage of Increase.	Reciprocal Tariff. $\frac{1}{4}$ p.c. off.		
	Specific.	Ad val.	General				Specific	Ad val.	Percentage of Decrease.
			Specific	Ad val.					
Glass tableware.....		P. C.	P. C.	P. C.	P. C.	P. C.	P. C.	P. C.	P. C.
Whips.....		30		30				22 $\frac{1}{2}$	25
Boots and shoes.....		35		35				26 $\frac{1}{2}$	25
Springs and axles.....	20 p. ton but not less than 35 p. c., also 1 c. p. lb. and 20 p. c.	or 38		35	8			26 $\frac{1}{2}$	31
Cut nails.....	4 c. per lb.		4 c. p. lb.		33 $\frac{1}{2}$		4 c. p. lb.		50
Nails, N. E. S.....		30		30				22 $\frac{1}{2}$	25
Wire nails.....	1 c. per lb.		4 c. p. lb.		40		4 c. p. lb.		55
Cut tacks.....	{ 1 c. per 1,000 } { 1 c. per lb. }	34		35		3		26 $\frac{1}{2}$	23
Wood screws.....	3c., 6c. and 8c. p. lb., but not less than 35 p.c.	or 45 $\frac{1}{2}$		35	23			26 $\frac{1}{2}$	42
Buckthorn fencing....	4 c. per lb.	or 15		15				11 $\frac{1}{2}$	25
Wire fencing, N. E. S.		27 $\frac{1}{2}$		15	45 $\frac{1}{2}$			11 $\frac{1}{2}$	60
Iron or steel nuts, washers, strap hinges and bolts.....	{ 1 c. p. lb. & 20 pc } { 1 c. p. lb. & 25 pc }	or 44 $\frac{1}{2}$	4 c. p. lb. & 25 p.c.	or 43 $\frac{1}{2}$	2 $\frac{1}{2}$			32 $\frac{1}{2}$	24
Locks, butts and hinges, N. E. S.....		32 $\frac{1}{2}$		30	7 $\frac{1}{2}$			22 $\frac{1}{2}$	30
Cutlery.....		32 $\frac{1}{2}$		30	7 $\frac{1}{2}$			22 $\frac{1}{2}$	30
Files and rasps.....		35		30	14 $\frac{1}{2}$			22 $\frac{1}{2}$	36
Adzes.....		35		30	14 $\frac{1}{2}$			22 $\frac{1}{2}$	36
Cleavers.....		35		30	14 $\frac{1}{2}$			22 $\frac{1}{2}$	36
Hatchets.....		35		30	14 $\frac{1}{2}$			22 $\frac{1}{2}$	36
Saws.....		32 $\frac{1}{2}$		30	7 $\frac{1}{2}$			22 $\frac{1}{2}$	30
Wedges.....		30		30				22 $\frac{1}{2}$	25
Hammers.....		35		30	14 $\frac{1}{2}$			22 $\frac{1}{2}$	36
Crowbars.....		30		30				22 $\frac{1}{2}$	25
Picks.....		35		30	14 $\frac{1}{2}$			22 $\frac{1}{2}$	36
Mattocks.....		35		30	14 $\frac{1}{2}$			22 $\frac{1}{2}$	36
Tools, not agricultural.		35		30	14 $\frac{1}{2}$			22 $\frac{1}{2}$	36
Scythes.....		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Sickles.....		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Reaping hooks.....		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Edging knives.....		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Hoes.....		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Pronged forks.....		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Snaths.....		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Post-hole diggers.....		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Agricultural tools, n.e.s.		35		25	28 $\frac{1}{2}$			18 $\frac{1}{2}$	46
Shovels and spades....	50 c. doz. and 25 pc.	or 36		35	3			26 $\frac{1}{2}$	27
Lamps and lanterns.....		30		30				22 $\frac{1}{2}$	25
Clothes wringers.....	25 c. each and 20 p.c.	or 35 $\frac{1}{2}$		35				25 $\frac{1}{2}$	25
Agate, granite and enamelled iron or steel hollow-ware.....		35		35				26 $\frac{1}{2}$	25
Tinware.....		25		25				18 $\frac{1}{2}$	25
Pumps, iron or wood..		30		25	16 $\frac{1}{2}$			18 $\frac{1}{2}$	37 $\frac{1}{2}$
Pails, tubs, brooms, washboards, pounders and rolling pins.....		20		20				15	25
Clocks and watches.....		25		25				18 $\frac{1}{2}$	25
Furniture.....		30		30				22 $\frac{1}{2}$	35
Cotton wadding.....		22 $\frac{1}{2}$		20		11		18 $\frac{1}{2}$	18 $\frac{1}{2}$
Cotton yarns.....		25		25				18 $\frac{1}{2}$	26
Cotton fabrics, white..		25		25				18 $\frac{1}{2}$	25



Articles.	1894-95.		1897.		Percentage of Decrease.	Percentage of Increase.	Reciprocal Tariff. $\frac{1}{4}$ p.c. off.		Percentage of Decrease.
	Specific.	Ad val.	Specific	Ad val.			Specific	Ad val.	
		p. c.		p. c.	p. c.	p. c.		p. c.	p. c.
Cotton fabrics, unbleached.....	22 $\frac{1}{2}$		25		11		18 $\frac{1}{2}$	16 $\frac{1}{2}$	
Cotton fabrics, coloured.....	30		35		16 $\frac{1}{2}$		26 $\frac{1}{2}$	12 $\frac{1}{2}$	
Damask of linen.....	25		30		20		22 $\frac{1}{2}$	10	
Table cloths.....	30		30				22 $\frac{1}{2}$	26	
Towels.....	25		30		20		22 $\frac{1}{2}$	10	
Cotton quilts, white.....	25		30		20		22 $\frac{1}{2}$	10	
do coloured.....	30		30				22 $\frac{1}{2}$	25	
Sheets.....	32 $\frac{1}{2}$		30		7 $\frac{1}{2}$		22 $\frac{1}{2}$	30	
Handkerchiefs.....	30		35		16 $\frac{1}{2}$		26 $\frac{1}{2}$	12 $\frac{1}{2}$	
Curtains.....	30		35		16 $\frac{1}{2}$		26 $\frac{1}{2}$	12 $\frac{1}{2}$	
Linen, silk and cotton clothing.....	32 $\frac{1}{2}$		35		7 $\frac{1}{2}$		26 $\frac{1}{2}$	30	
Collars.....	24c. doz. and 25 p.c.	48	35		24		26 $\frac{1}{2}$	43	
Cuffs.....	4c. pair and 25 p.c.	96	35		3		26 $\frac{1}{2}$	29	
Shirts, over \$3 per doz.	\$1 p. doz. and 2 p.c.	36 $\frac{1}{2}$	35		4		26 $\frac{1}{2}$	27	
“ under \$3 per doz.	35 p. c.....		30				22 $\frac{1}{2}$	25	
Velvets and silk fabrics.....	30		35		16 $\frac{1}{2}$		26 $\frac{1}{2}$	12 $\frac{1}{2}$	
Ribbons.....	30		35		20		11 $\frac{1}{2}$	10	
Cotton thread in hanks.....	12 $\frac{1}{2}$		15				18 $\frac{1}{2}$	25	
do N.E.S.....	25		25				22 $\frac{1}{2}$	25	
Horse clothing, jute.....	30		30						
Linen and jute manufactures, N.E.S.....	20		25		25		18 $\frac{1}{2}$	6 $\frac{1}{2}$	
Bags of linen, jute or seamless cotton.....	20		20				15	25	
Socks and stockings.....	10c. doz. pr & 35 p.c.	40	35		12 $\frac{1}{2}$		26 $\frac{1}{2}$	36	
Knitted goods, N.E.S.....	35		35				26 $\frac{1}{2}$	25	
Shawls.....	25		30		20		22 $\frac{1}{2}$	10	
Wool fabrics.....	30		35		16 $\frac{1}{2}$		26 $\frac{1}{2}$	12 $\frac{1}{2}$	
Tweeds, flannels, blankets, cloths, coatings (wool).....	5c. per lb. and 25 p.c.	32 $\frac{1}{2}$	35		7 $\frac{1}{2}$		26 $\frac{1}{2}$	20	
Carpeting, jute and hemp.....	25		25				18 $\frac{1}{2}$	25	
Carpets, ingrain wool.....	5c. p. sq. yd. & 25 p.c.	36	35		3		26 $\frac{1}{2}$	27	
do do cotton.....	3c. p. sq. yd. & 25 p.c.	36	35		3		26 $\frac{1}{2}$	27	
do N.E.S.....	30		35		16 $\frac{1}{2}$		26 $\frac{1}{2}$	12 $\frac{1}{2}$	
Enamelled floor, stair, shelf and table oil cloth.....	30 p.c. but not less than 4c. persqyd		30				22 $\frac{1}{2}$	25	
Window shades.....	35 p.c. but not less than 5c. persqyd	48	35		27		26 $\frac{1}{2}$	45	
Umbrellas.....	35		35				26 $\frac{1}{2}$	25	
Gloves and mitts.....	35		35				26 $\frac{1}{2}$	25	
Hats and bonnets.....	30		30				22 $\frac{1}{2}$	25	
Braces and suspenders.....	35		35				26 $\frac{1}{2}$	25	
Fur caps, coats, &c.....	25		30		20		22 $\frac{1}{2}$	10	
Fertilizers, compound ed or manufactured.....	10		10				7 $\frac{1}{2}$	25	
Combs.....	35		35				26 $\frac{1}{2}$	25	
Brushes.....	25		35				18 $\frac{1}{2}$	25	
Twine and cotton cord.....	25		25				10 $\frac{1}{2}$	25	
Age.....	29 $\frac{1}{2}$		25		15		16 $\frac{1}{2}$	38	
Ordage, N.E.S.....	1 $\frac{1}{2}$ c. p. lb. & 10 p.c.								

Articles.	1894-95.		1897.	Percentage of Decrease.
	Specific.	Ad valorem		
Books on agriculture .....	6s. per lb .....	p. c. ....	Free .....	p. c. ....
Binder twine .....	.....	12½ .....	do } .....	100
Barbed wire .....	4c. per lb .....	.....	do .....	100
Rape seed .....	.....	10 .....	do .....	100
Mushroom spawn .....	.....	20 .....	do .....	100
Seed beans from Great Britain ..	16c. per bush .....	.....	do .....	100
Galvanized iron or steel wire, Nos. 9, 12 and 13 gauge .....	.....	25 .....	do .....	105

I leave it to hon. gentlemen opposite to say whether we have not advanced in the direction of tariff reform respecting agricultural implements.

Mr. DAVIN. Is that 27 per cent reduction on shovels and spades with the preferential allowance off?

The MINISTER OF CUSTOMS. Yes.

Mr. DAVIN. Hardly any of these articles come in from England.

The MINISTER OF CUSTOMS. I instructed my officers to carefully prepare the list. I have already said that some come in in larger and others in minor quantities; but they come in under the 12½ per cent reduction, and it is impossible to tell what the increase will be under the 25 per cent reduction. There is, at all events, that relief given. I have placed in this list, because these articles are needed by agriculturists as well as others, cottons, woollens and other items, just as the Finance Minister did, not selecting some articles that support my case, but dealing with the general staple articles that come in from Great Britain in large quantities and which the farmers have to buy. Now, I feel as great regret as hon. gentleman do at my having to read this statement, which I know is not interesting, and which, if one wanted to make a speech at all interesting, he would eschew by all possible means. But I felt it desirable to put these figures upon "Hansard," and I invite criticism upon them. I know what the criticism of hon. gentlemen opposite will amount to. It will amount to this, that there are very few of some of these articles coming from England. I grant that in some few items; but, nevertheless, even in these some do come from England; and if some have come in under the 12½ per cent reduction, vast quantities may come in under the 25 per cent reduction. In this list, I have included the great staple lines which are used by all classes in the community, which go into every household. I have shown that even in the items on which the least reduction has been made, it is a very great reduction in the burdens which the people have to

bear. Now let me summarise. In these 107 items which I have read, we have made the following reductions:—

#### PERCENTAGE OF REDUCTIONS UNDER THE RECIPROCAL TARIFF.

1 reduction of 6½ per cent.

6	do	10	do
6	do	12½	do
2	do	16½	do
2	do	20	do
1	do	23	do
45	do	25	do
4	do	27	do
1	do	28	do
4	do	30	do
7	do	31	do
9	do	36	do
1	do	37½	do
1	do	38	do
1	do	42	do
1	do	43	do
1	do	45	do
9	do	46	do
1	do	50	do
1	do	55	do
1	do	60	do
7	do	100	do

Of these 107 articles, on which these reductions have been made, all or nearly all are articles used by the farmer, and many are agricultural implements and tools, on which there are reductions of from 36 to 45 per cent, while some articles, like binder twine, and wire for fencing, have been made free. Now, while I anticipate, and have anticipated, what the criticism of hon. gentlemen opposite will be, I shall want them, when criticising these figures, to demonstrate to the House, as they will be bound to do, that if articles have come in from Britain, it may be in small quantities in some cases, under the 12½ per cent reduction, under a 25 per cent reduction large quantities of these goods will not come in. If they are able to do that, they will have weakened my case.

Mr. DAVIN. That is asking us to prove a negative, which you know it is not right to do.

The MINISTER OF CUSTOMS. I know it will be difficult to do; but the hon. gentleman is sometimes able to prove a negative.

Mr. DAVIN. I say that according to the rules of logic it is impossible.

The MINISTER OF CUSTOMS. I invite the attention of the House to another thing. The full benefit of the Fielding tariff, which was introduced into this House last year, will not be experienced till after the 1st of July, and will not be experienced at once; for, while we were pledged to reform the tariff and lighten the burdens of taxation on the people of the country, we were business men, we knew what we had to recognize the conditions created under hon. gentlemen opposite, and we would not throw this country into a commercial panic, but would reach our end by safe means, and we believe it will be reached with perfect safety to those who have invested their money in industrial undertakings. Now, what do I find? I find, from a table I had prepared for me, taking the importation of goods entered for consumption into Canada under the reciprocal tariff, and the duty collected thereon during the six months ending 31st of December, 1897, that the abatement of duty under the 12½ per cent reduction amounted to \$521,451 during the six months. If you double that, you get the year's operations as fairly as we can estimate them now. I think you will be safe in doubling it, because trade does not all at once find its new channel. The Englishman realized that this was an opening greater than he has enjoyed before, but in many lines he had to make his arrangements, and so during the first few months you could not expect the trade to flow as freely through this new channel as it will later. Any business man can understand that. But if you double that trade of the first six months, what would that mean? It would mean that besides the reduction in the burden of taxation on the people, owing to our reduced tariff, owing to our general lowering of duties on the great bulk of the items, there is the further reductions under this preferential clause. I say double that and you will have \$1,042,000 of relief. That is the relief in one year, under a reduction of 12½ per cent. I venture to say that there is not a man who will not admit that with this current of trade now established, and with the impetus which 25 per cent will give it as against 12½ per cent, a reduction of two million dollars of taxation will represent the reduction on the imports under that reciprocal tariff after a year from next July.

An hon. MEMBER. Reduction?

The MINISTER OF CUSTOMS. Yes, reduction. I say that under the 25 per cent reduction, in the face of the figures I have

given, in the face of events that have actually transpired, it is small hazard to predict that when this preferential tariff is in full force for a year, with the 25 per cent reduction, there will be a reduction, not on the old rates of duty of the late Government, but on the reduced general tariff rates of the new government that will equal three million dollars; and I ask any hon. gentleman in this House who ventures to say that there is no reformation in this tariff, that the pledge of the Liberal party to reduce the burdens of the people has not been carried out, how, when this takes place as we think it will, he can hope to maintain his position. What does it amount to? Let me illustrate. What is the equivalent of that reduction in the taxation of the people, so that we may grasp the amount of reduction that has been made? It will be equivalent to taking ten million dollars worth of imported goods, on which 80 per cent duty has been levied, and transferring that ten million dollars to the free list. That is what it means.

Mr. CLANCY. Does the hon. gentleman mean by that statement that there will be a loss to the revenue of three million dollars.

The MINISTER OF CUSTOMS. There will be a loss to the revenue on that account, but that loss will be made up by the stimulus given to trade, and the wealth we hope to put into the people's pockets, which will enable them to buy more goods, and on a larger scale than they are doing to-day—buy millions of dollars more of goods and pay for them. They will have the money to do it. And by giving that stimulus to trade, every manufactory in the country will be running full time and over-time, too. That is what we hope to see.

I have been a little tiresome, I am aware, on that subject, and I now want to touch upon another point. My hon. friends opposite, the leader of the Opposition and the ex-Finance Minister, said last session, when the tariff was introduced, that it would have to be changed. They said that it filled them too with humiliation. Canada had been humiliated. They told us what an awkward position we were putting ourselves in.

Sir CHARLES TUPPER. Hear, hear.

The MINISTER OF CUSTOMS. They told us how ignorant we were with reference to that matter.

Sir CHARLES TUPPER. Hear, hear.

The MINISTER OF CUSTOMS. And the same mournful spirit is upon them yet. I could not help thinking, as I gazed upon my hon. friend, of the lines:

"Till thou art of grief

"Till thou hast seen the tears of bearded men."

Their grief was so great over the humiliation which they said was brought upon

Canada, so great at our having deceived and misled the great British public.

**SIR CHARLES TUPPER.** Hear, hear.

**THE MINISTER OF CUSTOMS.** That was the language of the hon. gentleman last year. He is still sad and lonely in his grief. But let me ask him to look at a bright picture, for I hate to see grief wasted. The hon. gentleman is wasting it. Let me ask him to look at a bright picture—not a fancy picture but a true one. Let him transport himself, in his mind, to the great throbbing centre of the Empire a year ago or less—London. Let him gaze upon the scene taking place there. Let him look upon the hundreds of thousands of English people and British citizens from all parts of the world assembled there. Let him look upon the mightiest of earth's sovereigns, as she passes along those streets, lined with loving subjects, with "God bless you my people" falling from her gracious lips, and let him listen to the responses from the hundreds of thousands of loyal subjects "God save our gracious Queen." Let him contemplate that scene, as she winds her way to give grateful thanks to the King of Kings, who has so abundantly blessed her and her people, and let him grasp the fact that in that supreme moment the thoughts of the English people were stirred as they never had been stirred before. Who can conceive it possible that other thoughts or subjects of minor importance could even find a resting place in that scene? I ask him to gaze on that scene. But enraptured as the people were, entranced as they were, with the sight of their beloved sovereign, there was another sight in that procession that also arrested their attention. It was when they saw the carriage that bore Wilfrid Laurier, Canada's Prime Minister and representative. England's heart had been touched as it had never been touched by any colony before because of that very tariff that the hon. gentleman feels ashamed and humiliated that the Parliament of Canada should have passed.

**SIR CHARLES TUPPER.** They did not realize the deception that had been practiced.

**THE MINISTER OF CUSTOMS.** There, again, the hon. gentleman refuses to be comforted. "They did not realize the deception that had been practiced"—so he told us last night. Then the hundreds of thousands of Englishmen, the statesmen, the editors of the world's great newspapers, all the literary men, all the dwellers in that land are, according to the hon. gentleman, so obtuse, so devoid of intelligence that they could not understand that tariff, every particular of which, so far as the reciprocal clause was concerned was published not only in their dailies but in their other newspapers. And yet the hon. gentleman says

that they could not understand it. Why, what contempt the hon. gentleman is pouring upon himself and upon the ex-Minister of Finance (Mr. Foster). They spent hours last session, yes, days and weeks, before the Prime Minister went to England, demonstrating to their own satisfaction, that it was a fraud and pointing out to the English people that they would get nothing from it. Did not the English people believe what they said?

**SIR CHARLES TUPPER.** They did when they had it from the lips of the Finance Minister (Mr. Fielding), the confession made at Sheffield that no preference was given.

**THE MINISTER OF FINANCE (Mr. Fielding).** No such confession was made.

**SIR CHARLES TUPPER.** I can prove to the hon. gentleman out of his own mouth that at the banquet at Sheffield he said that, though they had attempted to give a preference they had failed.

**THE MINISTER OF FINANCE.** The hon. gentleman knows that he is burlesquing what I said, and if he will read the words they will prove it.

**SIR CHARLES TUPPER.** I can establish what I have said. Then it was that the English people found that they had been deceived.

**THE MINISTER OF CUSTOMS.** If we are to accept the statement of the hon. gentleman, though I would not want to do it for his own sake, all we are led to believe is that the English did not believe when he said it, but they did believe it when the Finance Minister said it. I spare him that. If he had been right in his statement, the English people would have believed him. They, no doubt, read what he said; read all his strictures upon the Finance Minister, but they saw what utter nonsense they were. Do you suppose that these men in England, whose goods have been coming over and getting the benefit of this preference—

**SIR CHARLES TUPPER.** Yes, in the tune of a falling off of £171,000 for the first four months of its operation.

**THE MINISTER OF CUSTOMS.** The hon. gentleman must remember that £171,000 is not such a very great deal in the immense commerce of Great Britain. And does the hon. gentleman mean to say that statements of succeeding periods will not balance that and more? I need not argue that with the hon. gentleman. I know his ability, and I know that he knows better than he is saying now. The hon. gentleman says that we made a great mistake. There, again, grief and sadness overwhelmed him, because, when we gave this preferential tariff we did not demand better terms for Canada on the exports we are sending into that country.



**Sir CHARLES TUPPER.** Hear, hear. The mistake of your lives, as you will find out.

The MINISTER OF CUSTOMS. Well, I grant the hon. gentleman that we did not stipulate when concession was being given to Great Britain that they must give us a return for it. The hon. gentleman knows, I believe, that we could not maintain the tariff we have now and get that concession from Britain. He knows that British public opinion would have to be educated before that could be done. If these hon. gentlemen take the position that we ought to have sought a preferential tariff at all costs, they must mean that our tariff should have been so reduced as to make such an arrangement possible even with British public opinion as it is to-day, and, according to the principles that they themselves had laid down, this would mean such a reduction as to make it difficult for many of our manufacturers to live at all.

Sir CHARLES TUPPER. No.

The MINISTER OF CUSTOMS. And I wish him to rise boldly and accept the logical results of his own reasoning. Mr. Chamberlain's statements have been read time and again, and I need not take up the time of the House by reading them. But hon. gentlemen will remember his statement as to what they would demand from us in return for a concession of preferential trade. And the hon. gentleman says that the Prime Minister did not do his duty to Canada in that he did not urge then and there the granting of this preferential arrangement. The Prime Minister knew that he could not do it with any hope of success. That even if they had been willing to grant it, they would have demanded terms, they would have demanded concessions that he could not possibly have given in the present state of the trade of the country. And while I am on that point, I would ask the hon. gentleman in all sincerity to explain one sentence of his. I have been charged with uttering some words, that I myself did not realise, I would fain believe that one sentence that fell from the hon. gentleman's lips last night was a mistake—when he stated that the Prime Minister of this Dominion was bound—he did not say to whom—when he went over to England, to oppose preferential trade in the interests of the United States. To make a charge like that—

Sir CHARLES TUPPER. Does the hon. gentleman wish me to answer him now?

The MINISTER OF CUSTOMS. Yes, give us your authority.

Sir CHARLES TUPPER. I will answer the hon. gentleman. The statement I made was this, and I repeat it: The action which the Prime Minister took on that occasion was utterly at variance with the pledge

He had solemnly given to the electors of Canada as to what he would do if he obtained power, that one of the first acts of his Government would be to send a commission to England to negotiate preferential trade with the Government of Lord Salisbury. There is the further fact that as soon as he got to England, before he had a word of discussion with any person, except the proposition made by the Duke of Devonshire opening the way to carry out this very project, he took the strongest ground against preferential trade, declaring that it would involve protection which had been a curse to Canada and would be a curse to England. This proved to me that before he left Canada, he had changed his mind, that he had determined to abandon, to violate the solemn pledge he had given to the people of this country. And taken in connection with the fact, that, in the struggle with the hon. gentleman and myself, he had the sympathy of the United States, the people there hoping he would come into power, I could arrive at no conclusion but the one I stated. I say I cannot arrive at any other conclusion until the hon. gentleman gives what he has never ventured yet to give to this House and to the people of this country, the reason for this volte face, the reason for this sudden change of the hon. gentleman from a pledged supporter—

Some hon. MEMBERS. Order.

Mr. DEPUTY SPEAKER. The hon. gentleman has permission to answer a question, but he cannot enter into a discussion.

Sir CHARLES TUPPER. If the hon. gentleman who has asked me, who has challenged me—

The MINISTER OF CUSTOMS. I asked  
you a question.

Sir CHARLES UPPER. And I am answering it, and before I take my seat—

The MINISTER OF CUSTOMS. The hon. gentleman is abusing the courtesy of the Chair. I only asked the hon. gentleman a question.

Sir CHARLES TUPPER. And I am answering it.

The MINISTER OF CUSTOMS. No, the hon. gentleman did not answer it.

Sir CHARLES TUPPER. He is afraid to hear the truth.

Mr. DEPUTY SPEAKER. I think the hon. gentleman, having answered the question, has no right to go on and make a speech.

Sir CHARLES TUPPER. I was asked to justify my statement.

Mr. DEPUTY SPEAKER. I think the hon. gentleman is abusing the permission that has been given him to answer a question.

The MINISTER OF CUSTOMS. I am sorry. I do not wish at all to show the

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slightest discourtesy to the hon. gentleman opposite.

Some hon. MEMBERS. Oh, oh.

The MINISTER OF CUSTOMS. Will any hon. gentlemen say I have done so?

Mr. FOSTER. You did not want to hear him, when he was trying to answer you.

The MINISTER OF CUSTOMS. The hon. gentleman placed a very serious statement upon the "Hansard."

Sir CHARLES TUPPER. And I am prepared to justify it.

The MINISTER OF CUSTOMS. If I understood him aright, he said that the Prime Minister was bound in some way, in the interests of the United States, as I understood him to say, to parties in the United States. I thought he had said more than he meant to say, that he had said it in a sudden heat, and that he might wish to explain it or withdraw it.

Sir CHARLES TUPPER. No, no. The hon. gentleman said no such a thing. The hon. gentleman asked me to justify the statement I made, and I am prepared to do it now.

The MINISTER OF CUSTOMS. The hon. gentleman has entered upon a course of reasoning by which, he says, he convinced himself that something was done. Very well. Let it go at that. But what I said was, that he had made a direct statement so I understood him, and now he says he reached it by certain conclusions. I asked him if there was not a contradiction between the conclusions he had reached and a broad statement that that was the case. Now, with reference to what the Prime Minister did, what has been charged against him by the hon. gentleman who has just interrupted me, that has been up time and again in the House, and I do not intend to go into that at all at this time.

Sir CHARLES TUPPER. No you had better not.

The MINISTER OF CUSTOMS. The House is thoroughly conversant with that matter. But leaving that question, I desire to maintain the position that has been taken on this side of the House with reference to that preferential tariff. I venture to say that every one in Canada would hail a preference given to us in the British market, if it could be obtained on terms advantageous to both, and in the interests of both. What I want to point out to hon. gentleman opposite is this, that, by the preferential tariff enacted by this Government, though no law has been placed upon the Statute-book of England to compel the people of England to give a preference to Canadian products, in their market, the very fact that that Act was passed by this Canadian Parliament touched the British heart, and to-day, though there is no law compelling it, they are, of their

own free will, giving a preference to Canada. But, Sir, our legislation did more; it accomplished the denunciation of the German and Belgian treaties, which, so far as we can judge, would have gone on for many long years further, if action had not been taken by Canada. But the hon. gentleman takes exception to that. He says that the right hon. gentleman the Prime Minister and the Government and Parliament of Canada had nothing to do with the denunciation of those treaties. Well, it is a strange thing that the English newspapers, the English public, distinguished citizens of the British Empire, even in her remote colonies, recognised that our action here was the prime moving cause that brought about the denunciation of those treaties. I think it is in vain for the hon. gentleman to say that the Prime Minister, the Government and Parliament of Canada, are to have no credit for that result. Why, Sir, in the Conservative papers published in this city, no longer ago than the early part of this month, I find a report of an interview with Cecil Rhodes, a man whom, I think, hon. gentleman opposite will admit has been an important figure in the history of South Africa, and this is what he says:

"Mr. Cecil Rhodes arrived at Madeira to-day. In the course of a recent conversation he spoke warmly of the services Canada had rendered to the Empire by compelling the British Government to clear the German and Belgian treaties out of the way of future inter-imperial co-operation. 'Those treaties formerly were in his way in his tariff arrangements in South Africa.' 'Sir Wilfrid Laurier,' he said, 'has now got rid of them for us and the whole of the Empire.'"

That, at any rate, was the view of a distinguished man from an outlying British possession.

Mr. DAVIN. That is an opinion adverse to the policy of the Government.

The MINISTER OF CUSTOMS. What do I find in a special cable published in the Montreal "Star," a paper that I believe, particularly friendly to the Administration or its acts? It is dated from London, England, and is as follows:—

"The crises in Cuba and China almost fill the papers here.

"The Budget of the Hon. Mr. Fielding, Minister of Finance, Canada, attracts a good deal of attention. I heard a Conservative member of Parliament say this morning: 'Our Ministers, jaw, jaw, jaw, and do little but jaw about the unity of the Empire, but Canada keeps on doing, doing, doing.'"

I said that the action of the Canadian Parliament in offering those terms to the British people, had touched the British heart,

and that led them of their own motion to make inquiries respecting the products of this Dominion. What do we hear from shippers and merchants? To-day in the principal markets inquiries are made for Canadian goods; a trial is given them, and the result is seen in the widely increased exports to the English market. Let me give the House a statement of our exports to Great Britain during the first six months of the present fiscal year. We find that our exports, as compared with the corresponding period of the last fiscal year, increased by the large sum of \$22,500,688. That is our total exports for the six months over the corresponding six months of the last year. I think it is a fairer way to leave out the foreign products, and if we do so, we find that during those six months our home products exported to Great Britain show an increase of \$19,287,864 during the six months of the present over the corresponding six months of the previous year, which itself was a large year for exports. Where do I find the increases? Take the figures. Products of the fisheries, increase, \$32,664; products of the forest, increase, \$3,348,299; animals and their products, increase, \$4,564,942; agricultural products, increase, \$8,640,134; manufactures, increase, \$782,759. The exports of produce of the mines to Great Britain decreased during the six months by \$108,848, and there was also a decrease in the exports of miscellaneous articles to the extent of \$22,216. Deducting these decreases, the increase in the other line of home products during the first six months of the present fiscal year over the corresponding six months of the previous year amounted to \$19,287,864. I desire to call attention to the fact that while our exports have shown an increase during those six months of nearly \$20,000,000 as compared with the corresponding six months of the previous year, the total imports into Great Britain during that time had decreased nearly \$90,000,000. Can anything speak louder for the position that Canada has taken in the British market even in the short space of time our tariff has been in operation?

Mr. LANDERKIN. That is very good preferential trade.

The MINISTER OF CUSTOMS. I had not intended to occupy the time of the House so long, but the reading of the tables took a longer time than I had anticipated. I have not attempted to deal with the financial part of the statement made by the Minister of Finance and offer any criticism thereon, for the Minister of Trade and Commerce, in his very fair and able criticism, gave an explanation and defence of the administration of this Government, which may disappoint some of our friends who may have anticipated that greater re-

sults would have been attained, but which will enable them to see clearly that the Government, so far as was consistent with the welfare and prosperity of the Dominion, have endeavoured, so far as in them lies, to economically carry on the administration of the finances of the country, while they are at the same time advancing its prosperity.

Mr. DAVIN. What about sugar?

The MINISTER OF CUSTOMS. It is just an element in the policy that has been introduced by this Government, that of binding together the colonies as well as the mother country. I would say to hon. gentlemen opposite that I have never claimed credit, nor has this Government ever claimed credit, that in our preferential trade as regards England or English colonies we have acted solely and alone to benefit the motherland or the colonies. We are looking after our own interests as well as developing the interests of the motherland. The reductions in our burdens give advantage to Canada, and the preference accorded to England is an advantage given to her by Canada, and the same remark applies to the West Indies. What did the leader of the Opposition say with respect to the present sugar tariff? He declared we had adopted the right policy, that he had urged it upon us last year, that under the tariff as it existed our West Indian commerce had been destroyed. I was unable at the time to find or to remember where the hon. gentleman last year made that recommendation. He did not give us the time when he made it or the page where it could be found, and I am told by an hon. gentleman who has looked through "Hansard" that he failed in the hasty glance made at its pages to find the hon. gentleman's statement. I would be sorry to say that he did not make it, but he did not give the House the reference.

Sir CHARLES TUPPER. The hon. gentleman's colleague can tell him.

The MINISTER OF FINANCE. The hon. gentleman cannot now tell when he did it, because he did not do it.

The MINISTER OF CUSTOMS. If the hon. gentleman did so, I will be willing to look it up in "Hansard." My memory wholly fails to recall it. If the hon. gentleman ever proposed anything such as we propose, I say I accept his word, but I have no remembrance of it. But if I accept his word, I ask him in what position he places the ex-Minister of Finance and the party who supported him. We left the sugar tariff last year on raw sugar as we found it left by the previous Government; and it is the question of raw sugar and not the refined that affects the West India trade.

Mr. FOSTER. Will my hon. friend say

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that the question of refined sugar does not affect the West Indies?

The MINISTER OF CUSTOMS. Yes, both affect the West Indies; but the question at issue is the raw sugar. The hon. gentleman knows that; if he does not know it, he ought to know it; but I suppose it is possible that he does not know, because his leader told us last night that under the tariff he had ruined the West India commerce.

MR. CHARLES TUPPER. No.

The MINISTER OF CUSTOMS. Well, it was under the tariff as we found it and left it. All we did was to reduce the duty on the refined sugar, the protection to the refiner, 14 cents on the hundred pounds. We left the duty on raw sugar just as it was, and it is on the raw sugar that we are giving a preference to the West India planters, which the hon. gentleman admits will be a boon to them, but not to them alone, because he considers that it will revive a trade which will be profitable to the maritime provinces and to all parts of the Dominion. Now, I have spoken on sugar, as the hon. gentleman asked me to do, and I trust I have made myself plain.

MR. BENNETT. Tell us about the English postage you announced at Toronto.

The MINISTER OF CUSTOMS. The English postage is something on the same line; it is coming. The hon. gentleman has alluded to that in the House before. He spoke, I think, of myself as having been treated somewhat unfairly, as he supposed by the Postmaster General. Well, I have not felt very badly over that matter. I am told by people who were present that when the announcement of that reduction in English postage was made, it was well received by the audience. In fact, I was at the meeting myself. I am told that the announcement was made in clear and stentorian tones, and that the whole Massey Hall audience heard it. Being myself an eye witness, I can say that the statement was made in all good faith, and that the effect on the audience was electrical. It showed me that, although the Postmaster General has perhaps been delayed in the consummation of his wishes for a short time, as we have been in our desire to confine our tariff preference to the British Empire, yet the heart of the Canadian people was with him in that Imperial-Canadian movement; and when that comes about, then the hon. gentleman can have the satisfaction of knowing that still another act has, through the instrumentality of the Canadian Government, united still more closely and bound more firmly together the motherland and this the greatest of her possessions.

I have spoken of the postage, as requested. If there are any other matters on which

hon. gentlemen would like to hear me speak, I would like to oblige them, though I must close my remarks, for I certainly will not continue them beyond the dinner hour. Let me note, in conclusion, that hon. gentlemen make serious charges against us. They charge that we have not fulfilled a single promise that we made to the people—that we have failed in all our pledges. Well, Sir, that is a serious charge. Is it true? Do the hon. gentlemen mean in earnest to make a charge of that kind? After the figures I have given, taken from official records, will they say that this Government have not been true to the pledge they gave to the people of this country to reduce the burden of taxation. In the light of the figures given by the Finance Minister, and dwelt upon more in detail by the Minister of Trade and Commerce, will they not say that in many of the branches of the public service economies have been practiced and retrenchments made? We promised that there would be increased prosperity, and do they mean to say that increased prosperity is not in the country to-day? The Prime Minister, two or three years ago, when standing before a distinguished audience of commercial men, after having listened to a vast array of statistics read by the ex-Minister of Finance, in order to convince them that they were prosperous, said to them: "If you put me and my party in power, we will not need to use this long list of statistics to prove that you are prosperous, for you will feel it in your pockets." Is that true? Hon. gentlemen have said that it was by an accident that we attained power—reversing, I suppose, to a question that had created a sharp division among the people of Canada—a question involving religious feelings, feelings which are the deepest in the hearts of us all, and which ought to be recognized with charity and forbearance, and with a disposition to give others the same privilege of liberty of conscience that we demand for ourselves. When those feelings were stirred up and aroused in the country, and a great deal of discontent was excited among the people, the hon. First Minister said: "I believe that if I were entrusted with power, I would be able, by different means from those employed by our opponents, by means that would commend themselves to all the fair-minded men of this country, to bring about a peaceable and happy solution of this question." Where is it to-day? Was the promise kept? I say that if there was nothing else that stood to the credit of the right hon. gentleman who leads this Government, that alone entitles him to a renewal of the confidence of the people of this country. What more did we promise?

MR. BERGERON. The coal duty.

The MINISTER OF CUSTOMS. We promised that we would wipe out the Franchise Act. We are at it now, though op-



posed by hon. gentlemen opposite. They demand economy on our part. We proposed to repeal that Act which, if it was carried out every year—as it ought to be in justice to the people of the Dominion—would entail millions of dollars of expense. These hon. gentlemen call upon us to economise, and then try to force that Act upon us, the carrying out of which, as it ought to be carried out, would entail millions of dollars of expense. We promised a plebiscite to ascertain the views of the people on the question of prohibition and intend to carry out that promise. We want also to readjust the boundaries of the constituencies and remedy the iniquity perpetrated by hon. gentlemen opposite in that regard. We have not taken up that matter yet. Will these hon. gentlemen, when we do, give us the assistance which the leader of the Opposition says they always give us on the other side? We have not been perfect, we have not been able to accomplish everything. In our tariff revision we have not been able to do all that every one expected, but bound as we are to look to all interests, recognizing that we had a country to govern under a condition of things that was prevailing through a course of eighteen years' legislation of hon. gentlemen opposite, we felt it was our bounden duty, as statesmen, to see that while lightening the burden of taxation we were careful to preserve the best interests of the country. That, I believe, we have done. It may be that we shall be able to do more in the future than in the past in the way of economy, but as my hon. colleague the Minister of Trade and Commerce pointed out, a large part of our expenditure is fixed and uncontrollable, and is due to debts incurred by hon. gentlemen opposite. As regards the smaller portion, the controllable expenditure, we hope we may be able to effect economies perhaps in a measure greater than we have accomplished up to the present.

Mr. BERGERON. What about the coal duties?

The MINISTER OF CUSTOMS. The coal duties were lowered, as were the duties on almost everything else in the tariff.

An hon. MEMBER. What about biscuits?

The MINISTER OF CUSTOMS. An hon. gentleman says, what about biscuits. You may sometimes find in newspapers that are not careful for their reputation statements and insinuations unworthy and untrue, but when a member of Parliament ventures to insinuate here a lie that has been published in the Tory newspapers, and, I suppose, will be republished time and again, namely, that there was in the revision of the tariff an advantage given to certain lines of manufacture in which I at one time was inter-

ested, which I at one time managed—when I find an hon. member so lost to decency, then language fails me to adequately describe his conduct and keep within parliamentary bounds. All I can say is, look at the tariff and you will find that these articles were imported, in large quantities, under the preferential clause, during the past year, and will be imported much more in the future, and you will find that these articles, the duties on which were not increased in the general tariff and are greatly reduced under the preferential clause, stand in the same position as many other articles, so that instead of extra protection being given to them, the protection is greatly reduced. I never care to touch upon matters that concern a business in which I was engaged myself. I can allow newspapers that care not for their reputation to repeat and reiterate their false statements and charges, but I did not expect that a member of Parliament, who has access to the records of Parliament, would throw out an insinuation such as has been thrown at the present time.

Let me say this, in the minute or two at my disposal. I have shown how we have redeemed our pledges. We all know that certain predictions were made by hon. gentlemen opposite before the last election. We all know that predictions were made by them which we may consider as their pledges, if they were honourable men, and believed what they said. What did they promise would happen if the Liberal party came into power? They predicted that trade would stagnate. Well, Mr. Speaker, every transportation line on land and water, endorsed by every bank and clearing house, proclaims that prophecy as false. They predicted that factories would be closed and manufacturing industries crushed. To-day the thousands of factories established throughout this Dominion and the many new ones that are springing up give flat contradiction to that prediction. They predicted that our artisans and mechanics would walk the streets in vain begging for work and no work to be had. Sir, the electric lights blazing in many of the factories throughout this broad Dominion, all through the long hours of the night, declare not only that our artisans, under Liberal rule, are not seeking for work and unable to obtain it, but that they are constantly employed and that more artisans have to be found to man those factories, night as well as day, in order to keep up to the demands of trade. They contrast the promises with the performances of the Liberal party. I would place before them their own predictions and the absolute failure of these predictions, and by the unanswerable logic of facts the Liberal party at any rate, may well be content to abide.

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